

# **2003 Namibia Joint Annual Report of the National Authorising Officer and Head of Delegation**

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## 1. EXECUTIVE SUMMARY

The Joint Annual Report, prepared by the National Authorising Officer (NAO) and Head of Delegation, reports on EU – Namibia co-operation in 2003 and fine-tunes certain aspects of the EC – Namibia Country Strategy Paper (CSP) 2002-2007.

In 2003, GRN has developed the strategic framework of Vision 2030 and has launched the mid-term evaluation of the five year National Development Plan 2 (NDP2), which serves as the framework for EDF support to Namibia. A significant development since the preparation of the NDP2 and the Country Strategy has been the evolution of the Medium Term Expenditure Framework (MTEF), the Performance and Efficiency Management Programme (PEMP) and in 2003, the Medium Term Plans (MTPs). The relevance and effectiveness of National Development Plans will largely depend on how NDPs take into account these critical public finance reform measures.

Namibia continues to be committed to democracy, good governance and human rights. The President, Sam Nujoma has pledged he would retire at the end of the current five-year term. Land reform remains a politically sensitive issue. The economy has grown slower than expected and the fiscal stance, coupled with a revision downwards of revenue has worsened in 2003. Namibia is one of seven SADC countries that have decided to launch early in 2004 an EPA with the EU. Namibia is one of the countries in the world which allocates the most to the social sectors and has shown significant improvement in reaching the MDGs in the Education and water sectors. However, HIV/AIDS represents the single most important threat to public health with consequences for the country's capacity to reduce poverty and achieve the MDGs.

Namibia has recorded progress in the key cross cutting issues of HIV/AIDS policy, gender and environment. These issues together with food security and fisheries are recognised as critical to achieve the objectives in the CSP and EC interventions take them duly into account.

For the 9th EDF, poverty reduction remains the primary objective of assistance to Namibia and the EC will take a more central role in supporting policy and institutional reform. All EDF 9 Financing proposals (CBDP, ESP, NTRIP, TCF, HRCDP) with the exception of the Rural Poverty Reduction Support Programme (RPRSP) were submitted to EC Head Quarters in 2002/3. There has been good progress in the implementation of the Education Sector Programme with the setting up of the framework for institutional planning and policy driven reforms and the release of the first tranche of budget support. For the RPRSP, the development of the policy framework revolving around the Poverty Reduction Action Programme and the finalisation of the feasibility study should enable the submission of a financing proposal to EC Head Quarters in the first quarter 2004. There has also been progress in the development of a policy framework to manage NSA activities with the development of a Civic Organisations Partnership policy and all EDF 9 programmes are supportive to public-private partnerships, capacity building for NSAs and NSA specific activities.

The 7th and 8th EDF have been fully committed and most of the 8th EDF programmes were phasing out end of 2003. Feedback from mid-term reviews and final evaluations to date has indicated that EC assistance has been effective and of high quality whilst recognizing that the challenge remains to fully internalise lessons learnt and ensure sustainability of inputs. Namibia has also benefited considerably from the SYSMIN instrument, refugee aid, EC budget lines, the European Investment Bank and the Southern Africa Development Community (SADC) programme where the finalisation of the Walvis Bay financing proposal is well advanced and a key priority for 2004.

The response strategy in the CSP takes broadly into account new policy priorities of the EU institutions and the 2003 Joint Annual Report proposes to maintain the same focal and non-focal sectors agreed in the CSP. Resources for Namibia have been over-programmed and it has been proposed to reallocate the remaining resources under the B envelope to cover existing financing proposals. Resources from the B envelope would also be utilised for a Public Financial Management Reform Programme (PFMRP) which is strongly supportive to the Education Budget Support and an area where the EC is increasingly engaged in policy dialogue with the Ministry of Finance. Furthermore, additional resources amounting to EUR 5 million should be allocated to the A envelope under the Trade and regional integration non-focal sector as a contribution to the SADC Walvis Bay Corridor Programme and in line with EC policy of refocusing the strategy around the regional integration agenda.

The in-country dialogue with the NAO, Non State Actors and the EU Member States has progressed effectively in line with the policy-oriented approach of EC assistance and the formulated intention of Government to increase sector policy dialogue. The EU is currently the Development Partner providing the largest amount of assistance to Namibia.

## **2. NAMIBIA POLICY AGENDA**

Since the Donor Round table conference in February 2003, the country policy agenda which revolves around the 5-year NDP2 has focused on the development of Vision 2030. GRN has engaged in a broad partnership of stakeholders including NSA to formulate the strategic framework of Vision 2030 and facilitate the “shift from sector development to integrated approaches and strategic partnerships”.

Vision 2030 embodies the country’s long-term aspiration of improving its people’s quality of life “to the level of their counterparts in the developed world”. For this vision to be meaningful, GRN is taking steps so that it takes the form of a people’s vision – formulated with their active participation. Designing a practical implementation strategy is the next and last step in the formulation process of Vision 2030. The Vision 2030 will provide the broad framework in which future National Development Plans will operate.

The Namibia-EC Mid-term review anticipates the mid-term evaluation of the NDP2 which should be finalised by mid-2004. GRN is currently undertaking the mid-term evaluation of NDP2 which will appraise progress in achieving the objectives set out in NDP2 and assess whether there is a need to reconsider and to modify any of the policies and strategies based on the two and half years experience in the implementation of the plan. This exercise will be closely linked to the parallel review of the National Poverty Reduction Action Programme (NPRAP) which provides the poverty framework within NDP2. One of the constraints in this review exercise will be the limited amount of baselines that were available when NDP2 was prepared.

The mid-term evaluations underpin the Government’s intentions to improve and strengthen monitoring of poverty in the second half of NDP2 and beyond. GRN and more particularly the National Planning Commission Secretariat with the support of the EC, UNDP and Sida, is also developing the institutional framework to initiate and monitor pro-poor strategies. The recently established Poverty Reduction and Equity unit within NPCS should strengthen NDP2 and NPRAP strategies through the development, inter alia, of a Poverty Monitoring System, including poverty indicators and participatory poverty assessments.

A significant development since the preparation of the Second National Development Plan and the EC-Namibia Country Strategy has been the evolution of the Medium Term Expenditure Framework (MTEF), the Performance and Efficiency Management Programme (PEMP) and in 2003, the Medium Term Plans (MTPs). In 2001, Namibia introduced the MTEF which presents budget ceilings for three years, linking these to Ministry objectives and performance indicators. It has been recognised that the MTEF has considerably improved the transparency in the budget process, encouraged fiscal discipline and allowed a better understanding of Government priorities. In 2002/03, the MTEF included for the first time a set of Government indicators developed as part of the PEMP which contains outcomes (and outputs) the Ministries are expected to meet with allocated resources.

The integration of PEMP into MTEF has impacted significantly on the nature of debate within the budget hearings, enabling the Ministry of Finance to challenge more effectively the reason for expenditure proposals. The continuous improvement of the PEMP measures in the form of more disaggregated data has further enhanced the approach. To take this step further, the Ministry of Finance has developed in 2003 a new system of Medium Term Planning for Ministries. The objective of MTPs is to enable the Government to move away from the traditional way of budgeting by line item to programme budgeting. MTPs set in detail how resource allocation over the next three years will contribute towards achieving the NDP2 objectives. The relevance and effectiveness of National Development Plans will largely depend on how they take into account these critical public finance reform measures.

### **3. POLITICAL, ECONOMIC AND POVERTY SITUATION**

#### **3.1. Political situation**

In line with pledges undertaken in the framework of NEPAD and the New Partnership for Africa, Namibia continues to be committed to democracy, good governance and respect for human rights. Indeed, since independence, the Constitution of Namibia has provided for a presidential-parliamentary democracy, safeguarded by a comprehensive Bill of Rights incorporating international human rights standards and an independent judiciary. The American NGO Freedom House classifies Namibia as “free” as regards its civil liberties and political rights, a fact that bears well for regional and local elections scheduled for the first half of 2004 and presidential and parliamentary elections scheduled for late 2004.

The President, Sam Nujoma has pledged he would retire at the end of the current five-year term (March 2005). The SWAPO candidate for the Presidential election will be chosen at an extraordinary party congress to be held in May 2004. This change in party leadership and presidential candidate could provide an impetus for higher voter turnout which has continued to drop sharply since independence, affecting the quality of democracy.

Developments from a regional perspective have been that some countries, including Namibia, voiced reservations to the African Union (AU) peer review mechanism.

In 2003, the human rights situation has remained broadly favourable with some improvements noted. On 17 November 2003, the Combating of Domestic Violence Act and the Maintenance Act entered into force, opening up the possibility of advancing women’s and child rights in the country. The Caprivi secessionist trial began in October 2003 after a delay of more than four years due to among others a dispute over the State’s responsibility to grant legal assistance to the 120 defendants facing 275 charges of treason and related offences. The first months of the trial have shown that the legal process will be long and difficult, with 13 of the defendants having raised a challenge over the jurisdiction of the court. At the time of writing, the re-arrest of the 13 abovementioned defendants despite a High Court ruling that the Court lacked jurisdiction to examine the charges brought before them is being challenged. On an international level, it can be noted that Namibia ratified the statute of the International Criminal Court in 2002.

Against this generally positive background, some human rights issues have seen less progress in the year 2003. The economic and social integration of minorities such as the San into development efforts continues to pose a challenge for the country. Government should take stronger action to address incidence of discrimination against sexual minorities.

Namibia’s governance challenge lies in maintaining the achievements of a corruption free, transparent and accountable administration. Year 2003 saw the plummeting of Namibia’s corruption index as measured by Transparency International from 5.7 in 2002 to 4.7 in 2003, and reports on the business practices of the Social Security Commission, the Roads Authority and Road Fund Administration have raised concern about the state of corruption. It is against this background, the passing in April 2003 of an Anti-Corruption Act, establishing a Corruption should be noted as a positive development. The transparency and accountability of actions of the National Assembly and of Government were further enhanced with the establishment of an assets register for MPs and Ministers.

The important issue of land reform has been on the agenda in 2003 with the establishment of a Permanent Technical Team supported by Germany for the design of a National Land Reform Action Plan. Despite an increase in the funding provided for land reform in the past year – from N\$20 million to N\$50 million – the scheme for resettling disadvantaged Namibians on commercial farms continues to face difficulties and there are doubts on the viability of the new farming units. In a move to revitalise the “willing buyer, willing seller” scheme, Government recently announced that they will commence the expropriation of farms in accordance with the Constitution and related laws providing for adequate compensation.

#### **3.2. Economic situation**

Growth has been lower than expected in 2003 - GDP growth is estimated at 3.1% in 2003 compared to the original estimate of 4.2%. This follows from growth rates of 2.3% in 2001 and 3.2% in 2002. It is projected to rise to 3.8% in 2004, 4.4% in 2004 and 4.1% in 2006.

The employment picture in the country remains unclear due to the non-availability of data. The most recent data available on the employment in the country is the 1997 Namibia Labour Force Survey, complimented by the 2000 Labour Force Survey estimates. According to the Labour Force survey, the rate of unemployment is estimated to be 33.8% and is slightly lower than the 34.8% recorded in 1997.

In 2003 there was an improvement of the monetary condition that can be seen in the downward trend of inflation and interest rates for 2003. Inflation came down from 12.8% in January 2003 to 5.0% in September 2003. The Namibian dollar strengthened by about 30% against the US Dollar in 2003 (following a 40% appreciation in 2002)

With the economy growing slower than expected, the 2003/04 revised budget resulted in a downward revision of total revenue (first time in years) and a rise in the estimated budget deficit from 3.1% to 4% of GDP away from the stated target of 3.0%. Not only has the fiscal deficit widened but the public debt, while still low, has continued to rise. The national debt stock is expected to reach 30.3% of GDP at the end of 2003/04 and 32.0% at the end of 2004/05 which is above the stated target in the MTEF/NDP2 of 25% (in 2002/03 total Government debt was 25.2%). For the 2004/05-2006/07 MTEF period the budget deficit is expected to average 1.3% which is substantial reduction from the 4.1% deficit estimated in 2003/04 and should lead to a levelling off of public debt from 2004/05

The worsened fiscal stance of the central Government in 2003/04 emanated from a decline in revenue from diamond and other mining companies' taxes as a result of the strengthening of the Namibia Dollar against all major currencies, the US Dollar in particular. This clearly indicates the degree of dependency of a small commodity based economy on diamond revenues (15% of Government Revenues in 2002/03).

On the fiscal reforms, GRN as mentioned in section 2 above, introduced the Medium Term Plans for each spending agency. Tax reforms are also currently being implemented on the basis of a review assessment e.g. amendment of tax brackets. Public Financial Management has been an area where GRN has been increasingly engaged in reforms in the budget process, the introduction of an integrated public financial management system and the decentralisation of service delivery. Further expenditure restraint will be crucial against the backdrop of declining revenue from SACU. There is a need confirmed by the IMF article 4 consultations to tackle the sensitive issues of public service and public enterprises reform. It should be noted that the 2003/04 Revised Budget did not present any new subsidies for Air Namibia or other parastatals. The Minister of Finance also announced the establishment of the Development Bank of Namibia (DBN) but challenges yet remain to ensure its capitalisation.

With revenue down and with the persistence of widespread poverty and high unemployment, the central policy challenge remains to achieve higher growth rates and more equitable resource distribution to reduce poverty and unemployment.

Namibia has advanced in 2003 its trade and regional integration agenda. It has been active in the regional integration processes, particularly under SACU and SADC frameworks. SACU Member States agreed that the SACU Secretariat should be established in Windhoek and the Chief Executive Officer has been appointed. Namibia together with the other SACU Member States has been involved in Free trade negotiations with the United States, EFTA, MERCOSUR, India, China and Kenya. Namibia has opted in 2003 to notify COMESA of its decision to withdraw its membership.

Further to the SADC Trade Ministerial meeting on 21 November, Namibia is one of the seven SADC countries (BLNS, Tanzania, Mozambique and Angola) that are speeding up preparations and would like to launch EPA negotiations early in 2004.

In November 2003 a mission from the Food and Veterinary Office (FVO) of the European Commission visited Namibia in order to evaluate animal health controls related particularly to Foot and Mouth Disease (FMD), BSE and BSE related issues, public health control systems and certification procedures.

During this visit and after detection of certain shortcomings, the Namibian veterinary authorities decided to suspend for some weeks the issuing of certificates for the export of beef and mutton to the EU. Following the submission of the FVO mission report, the Namibian authorities have been requested to establish a programme of action in order to correct the identified deficiencies.

*For a detailed analysis of trade issues see the Namibia trade profile in Annex I.*

### 3.3. Poverty situation

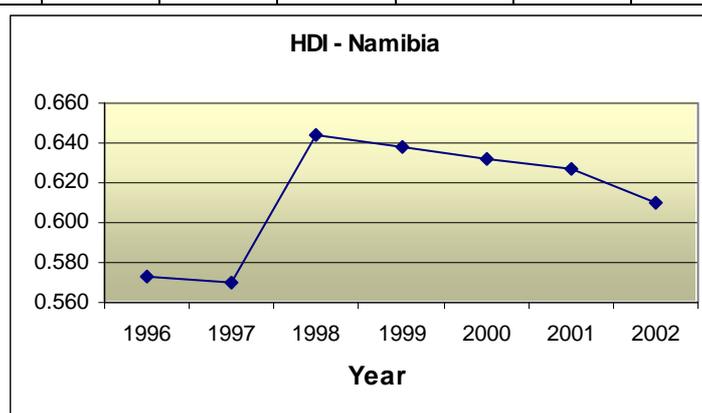
This chapter begins with the indicators proposed by EC and its Member States to systematically monitor progress towards poverty reduction in the framework of the CSPs.

#### 3.3.1. Poverty indicator – the Human Development Index

A Poverty Line for Namibia is currently under preparation and should be finalised in the coming months. The NAO and the EC Delegation have hence opted to utilise the Human Development Index to measure poverty as it gives a broad indication of the multidimensional nature of poverty (based on health, education and income data).

The HDI (Source UNDP) analysis below indicates that despite the considerable investment in Education and Health, there has been a decline since 1998 of the HDI. This is also clear from Namibia's ranking: Namibia ranked 93 in the World HDI in 1998 and ranked 122 in 2002. The main cause for this decline has been the tremendous impact of HIV/AIDS (22% prevalence in pregnant women in 2002) on life expectancy coupled with the insufficient GDP growth rate as analysed in section 3.2 and the high unemployment. The fact that 67% of the population live in rural areas and that 46% of the rural households depend on farming activities as main sources of income, illustrates the strong rural dimension of poverty and the EC is focusing on addressing this under the Rural Development Focal Sector.

Year	1996	1997	1998	1999	2000	2001	2002
HDI Index	0.573	0.570	0.644	0.638	0.632	0.627	0.610



#### 3.3.2. Progress in Education MDG

Education has been a prime development priority since independence, consuming around 25% of total Government expenditure, or 9% of GDP, making Namibia the highest investor in Education in Sub-Saharan Africa and third highest in the world. Namibia is on track to meet the Millennium Development Goals of achieving universal primary Education in 2015.

Goal 2: Achieve universal primary education

Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

Indicators	Act. 1999	Act. 2000	Act. 2001	Act. 2002	Actual/Target 2003	Target 2004	Target 2005	Target 2006
Net Enrolment Ratio (NER) (Primary)	92.9%	91%	92%	94%	94%	94%	94%	94%
Survival rate to Grade 5								
total	92%	94%						
female	93%	95%						
male	92%	93%						
Survival rate to Grade 7								
total	82%	82%	85%	85%				
female	84%	86%	88%					

male	80%	79%	81%				
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Until 2000 the NER was calculated using population projections based on the last National Census data from 1991, and the NER for 1999 and 2000 are estimates based on these projections. From 2001 the NER has been calculated using more accurate data from the 2001 Population and Housing Census. The NER for Namibia has been steadily increasing over the past decade; from 81.5% in 1991 it had reached over 90% by the end of the decade. New census data shows that the primary NER currently stands at around 92%. In these terms Namibia is progressing well towards the target set out in the NDP2 of 94% by 2006 and is well ahead of most countries in the region in ensuring access to primary education. However, there are regional variations not shown by this national level statistic. As highlighted in Namibia's EFA Assessment in 2000, the remaining 8% of primary-aged children not in school are "those most difficult to reach, largely because of their isolation on large commercial farms or in remote rural areas". A key challenge will therefore be to explore strategies for providing access to high quality schooling to educationally marginalised children, including children with disabilities and minority language speakers.

The internal efficiency of the primary school system has shown improvements, as illustrated by the encouraging survival rates (Survival rates rather than completion rates are used in Namibia) of children to Grade 5 and Grade 7. This has been helped considerably by reduced repetition rates, brought about by the introduction of a policy for semi-automatic promotion. This progress is significant when compared to the Grade 5 survival rate of only 63% in 1992. These advances have been made with a comparatively high spending on education, which has shown Government commitment to the sector, but highlights the poor external efficiency of the system. There are a number of critical concerns over both the effectiveness and sustainability of spending on education, with specific implications on both the quality of education outcomes and the inequities that still exist in terms of educational opportunities and distribution of resources. These issues are explored in more detail in Section 4 of this report.

**Goal 3:** Promote gender equality and empower women

**Target 4:** Eliminate gender disparity in primary and secondary education preferably by 2005 and in all levels of education no later than 2015

Indicator	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Actual/Target 2003	Target 2004	Target 2005	Target 2006
Ratio girls/boys								
Primary	100	100	100	100				
Secondary	112	112	113	113				
Tertiary		88?	99?		102			

Namibia is clearly performing well in terms of schooling opportunities for girls at all levels of the system, with a generally good national balance in male and female enrolments. Indeed, while the intake of females into Grade 1 is equal to or sometimes lower than for males in many regions, the lower promotion rates and higher drop out rates for males in primary and junior secondary levels leads to higher female than male enrolments. More research is required to better understand this imbalance and the generally poorer performance of males at secondary levels. At the tertiary level there is a fairly similar gender balance, again with more females than males enrolled. There is variation by subject and at different institutions; for example in 2003 at both the University and at Community Skills Development Centres females accounted for around 57% of students, while at Vocational Training Centres they accounted for only 33%. As tertiary education is further developed in Namibia, the key issue is to improve links to the job market and ensure that the courses provided at this level are more relevant to the needs of students. As part of this, a better understanding of the gender balance in different subject areas may be an important consideration.

### 3.3.3. Progress in Health MDG

Currently, expenditure on Health stands at 3.3% of GDP. The health service system has been radically reformed, from one geared towards essentially curative-based services for the minority population to one meeting the needs of the wider population, particularly the rural communities. The role of NSAs has also been acknowledged, providing close to 20% of the services. Even though significant improvements have been realised (e.g. under-five mortality has been substantially

reduced), these improvements fall short of the targets set by the MDGs largely due to HIV/AIDS which has eroded the investments in the Health Sector.

**Goal 1:** Eradicate extreme poverty and hunger

**Target 2:** Halve between 1990 and 2015, the proportion of people who suffer from hunger.

Indicator	1990	1991	1992 actual	2000 actual	2003	2006 forecast
Prevalence of under-weight in children under five years of age <sup>1</sup>	N/A	N/A	26 NDHS	24 NDHS	N/A	N/A

Recognizing a difference in surveying techniques in the 1992 and 2000 NDHS reports, the comparable data for 1992 is 26% and in 2000 24%. This indicates a small decline in the prevalence of under-weight children under-five and limited progress in achieving the MDG target, placing Namibia in the league of average performers in Sub-Saharan Africa as per UNICEF estimates for year 2000.

**Goal 4:** Reduce child mortality

**Target 5:** Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate

Indicator	1990 actual	1991 actual	1992 actual	2000 act./fore	2001 actual	2002 fore.	2003 fore.	2004 fore.	2005 fore.	2006 fore.
Under-five child mortality <sup>2</sup> <i>Source</i>	N/A	87 <i>Census</i>	83 <i>NDHS</i>	62 <i>NDHS</i>	71 <i>Census &amp; PEMP</i>	69 <i>PEMP</i>	68 <i>PEMP</i>	66 <i>PEMP</i>	65 <i>PEMP</i>	63 <i>PEMP</i>
Proportion of one-year-old children immunized against measles <sup>3</sup> <i>Source</i>	N/A	N/A	63.5 <i>NDHS</i>	72 <i>NDHS</i>	71 <i>PEMP</i>	75 <i>PEMP</i>	76 <i>PEMP</i>	78 <i>PEMP</i>	79 <i>PEMP</i>	80 <i>PEMP</i>

#### Under-five child mortality

In the 1991 Census, under-five child mortality was pegged at 87, contrasting sharply with data from the 2001 Census which indicated a decline to 71 per 1,000 live births. Data from the 1992 and 2000 NDHS surveys confirm the trend of a declining under-five child mortality rate. This decline has been seen by the Ministry of Health and Social Services as attributable to the Ministry's increased focus on Primary Health Care. Assuming that the current trend of a decreasing under-five mortality rate prevails, Namibia is seeing good progress towards achieving the MDG target. This is also reflected in the PEMP indicators which are using the 2001 Census as the baseline for its forecasts. In regional comparison and drawing upon UNICEF estimates, Namibia belongs to the top ten countries with the lowest under-five child mortality rate.

#### Proportion of one-year-old children immunized against measles

Using data from the NDHS reports and the PEMP forecasts, it can be noted that the immunization coverage against measles increased from year 1992 to 2000, while a slight decline could be noted for 2000-2001 before a positive trend is forecasted to pick up again in 2002 (the PEMP uses HIS data as its baseline for forecasts). The Ministry of Health and Social Services acknowledges that a number of factors are affecting the coverage of immunization programmes, including the lack of transport and shortage of qualified staff to reach out to remote areas for vaccination campaigns, and the limited amounts of vaccines available.

Vaccination coverage for measles needs to be above 90% to stop transmission of the virus – a fact which has been reflected in the NDP2 target for this indicator. It can be noted that Namibia is not

<sup>1</sup> Definition: The percentage of children under five years of age whose weight for age is less than minus two standard deviations from the median for the international reference population.

<sup>2</sup> Definition: The probability – expressed as a rate per 1,000 live births – of a child born in a specified year dying before reaching the age of five.

<sup>3</sup> Definition: The percentage of children under one year of age who have received at least one dose of measles vaccine.

currently meeting the target of 90% coverage and is an average performer in Sub-Saharan African terms as per UNICEF estimates.

**Goal 5:** Improve maternal health

**Target 6:** Reduce by three-quarters, between 1990 and 2015, the maternal mortality rate

Indicator	1992 act.	2000 act.	2001 act.	2002 fore.	2003 fore.	2004 fore.	2005 fore.	2006 fore.
Maternal mortality <sup>4</sup> <i>Source</i>	225 <i>NDHS</i>	271 <i>NDHS</i>	271 <i>PEMP</i>	265 <i>PEMP</i>	260 <i>PEMP</i>	254 <i>PEMP</i>	248 <i>PEMP</i>	242 <i>PEMP</i>

**Maternal mortality**

Due to the lack of data for the indicator "Proportion of births attended by skilled health personnel", another (more comprehensive) indicator for measuring progress towards Goal 5 has been chosen. The maternal mortality monitors deaths related to pregnancy and is therefore a good indicator for maternal health. However, it is of concern to note that the maternal mortality has increased to 271 in 2000 from 225 per 100,000 live births in 1992, indicating that the situation has deteriorated in the eight years presumably because of HIV/AIDS. In view of the continuing HIV crisis, the PEMP projections which use the NDHS as its baseline seem optimistic. However, even with these projections in place, the MDG target looks unlikely to be met.

**Goal 6:** Combat HIV/AIDS, Malaria and other diseases

**Target 7:** Have halted by 2015 and begun to reverse the spread of HIV/AIDS

Indicator	2000 actual	2001	2002 actual	2006 forecast
HIV prevalence among a. 15-19 and b. 20-24 year-old pregnant women <sup>5</sup> <i>Source</i>	a. 12% b. 20% <i>Sentinel Survey 2000</i>	N/A	a. 11% b. 22% <i>Sentinel Survey 2002</i>	Target for 2007: a. 9% b. 15% <i>Global Fund Application</i>

As indicated in the 2002 National HIV Sentinel Survey, the HIV prevalence has increased from year 2000 to 2002 in all age groups of pregnant women except in the age group 15-19 years that has seen a 1% decrease. Statistical modelling using the national HIV prevalence suggests that Namibia is in the second phase (HIV prevalence rises sharply) of the epidemic and that prevalence rates will level off at 24% by the year 2005, justifying the targets set for year 2007 in Namibia's application to the Global Fund to fight AIDS, Tuberculosis and Malaria. This could imply that by 2015, HIV prevalence might be on the decline.

Namibia is ranked among the top 5 most AIDS-affected countries in the world with around 60% of all reported deaths directly or indirectly linked to HIV/AIDS, while Tuberculosis and Malaria take the second and third place respectively for reported cause of death. As indicated in the table above, average HIV prevalence in pregnant women in 2002 was 22% (range per site 43% to 9%), and continues to increase in most areas and age groups, affecting among others the maternal mortality rates. An estimated 230,000 adults and children were living with HIV/AIDS at the end of 2001 and Namibia will have a predicted 118,000 orphans by 2006.

### 3.3.4. Progress in Water MDG

**Goal 7:** Ensure environmental sustainability

**Target 10:** Halve, by 2015, the proportion of people without sustainable access to safe drinking water

Almost all inhabited parts of the country are of semi-arid nature. During periods of drought there is rapid depletion of water resources, effecting the provision of drinking water for both people and

<sup>4</sup> Definition: The number of women who die from any cause related to or aggravated by pregnancy or its management (excluding accidental or incidental causes) during pregnancy and childbirth or within 42 days of termination of pregnancy, irrespective of the duration and site of the pregnancy, per 100,000 live births.

<sup>5</sup> Definition: The percentage of pregnant women aged 15-24 whose blood samples test positive for HIV.

animals, and thereby impacting on the health and household economy. According to the national Needs Assessment Report (2003), water is generally available and accessible except in few communal areas, but salinity affects the consumption availability of this resource.

Indicator	1991	2000	2001	2006 forecast
Rural access to safe water (%)	43	67	79	82

Source: Census 2001, NDP2 and PEMP

According to the data above, Namibia access to safe water improved from 43% (1991) to 79% (2001) of the total population. The current situation according to the national Census 2001 is that "87% of all households in Namibia have access to safe water". With regards to the rural population, 79.9% are currently served with safe water, and the GRN forecast is that by 2006, 82% of the rural households in Namibia will have access to safe water, meaning a distance of 2,5Km or less to the nearest water point. This is fully in line with the MDG to provide access to safe water to most of the rural population by 2006.

### 3.3.5. General Assessment of Poverty Situation

GRN has made tremendous efforts compared to most ACP countries in supporting pro-poor policies. As illustrated in table 1, the largest portion of the total expenditure (47.3%) was allocated to community and social services, although this is down from 48.1% during 2002/03. The education sector took up 20.3%, while other social services have 17.8% and health 9.2%. 14 years after independence Namibia continues to be among the countries in the world that allocates the most to the social sectors. In its current stage of development, allocations to these sectors are being marginally reduced in line with the MTEF ceilings since efficiency reforms should be implemented to achieve improved Social Sector outcomes. A particular reform that will have to be tackled is control of the wage bill.

There is an increase in the allocation of economic services in 2003/04, which in view of the low levels of economic growth and the current stage in economic development is critical to stimulate growth and meet Namibia's Vision 2030 ambitions.

Table 1 Summary of expenditure by economic classification (% share)

	1999/00	2000/01	2001/02	2002/03	2003/04
General Government. Services	29.8	32.3	33.3	36.4	34.9
Gen. Public Services	13.8	15.7	17.6	18.8	17.8
Defence	7.2	7.3	7.3	8.3	7.6
Pub. Order and Safety	8.8	9.3	8.4	9.2	9.5
Comm. and Social Services	48.6	49.7	49.5	48.1	47.3
Education	24.0	23.3	21.3	21.0	20.3
Health	10.8	11.0	10.0	9.7	9.2
All Other	13.8	15.4	18.2	17.4	17.8
Economic Services	15.2	11.7	10.6	7.0	10.2
Expenditure not classified	6.4	6.3	6.6	8.5	7.6
Total Expenditure	100.0	100.0	100.0	100.0	100.0

Source: BoN and MoF

However, tremendous challenges remain since Namibia has the highest level of the Gini coefficient recorded in the world (0.67) and HIV/AIDS is affecting the overall development perspectives of the country.

The HIV/AIDS epidemic represents the single most important threat to the public health with consequences to the country's capacity to reduce poverty and achieve the MDGs.

In 2003, a major development has been the start of a roll-out of ARV treatment to major hospitals and clinics in the country. It can be hoped that the provision of treatment will have a positive impact on the declining levels of productivity due to HIV/AIDS.

In terms of institutional response, GRN has commenced in 2003 the development of a third Medium Term Plan (MTP3) which will strengthen the emphasis on multisector response, institutional development as well as local and community responses to HIV/AIDS. In addition, a national HIV/AIDS policy is being finalised and many of the other policy and strategy elements are in place or being developed (HIV Charter of Rights, National Labour Code, National Policy and Orphans and

Vulnerable). The Ministry of Health and Social Services has recently been mandated by the Head of State to manage the overall HIV/AIDS response and the new Directorate for Special Programmes has been established for this purpose.

The overall conclusion is that Namibia has shown marked improvement in reaching the MDGs in the education and water sectors. However, to revert the negative trend in the HDI indicator (and the Health indicators), there is a recognised need to stabilise the HIV/AIDS pandemic by consolidating the momentum generated by the Global Fund initiative. The Namibia-EC CSP is strongly supportive to this approach with HIV/AIDS mainstreamed in both focal sectors and a specific institutional and capacity development programme acting as a catalyst to the substantial resources coming from the Global Fund and the 'Bush Initiative'.

Furthermore, whereas the efforts of GRN to reduce poverty have been substantial, there is a need to strengthen performance and measurement systems and to encourage the shift from activity based monitoring to outcome based monitoring. The PEMP linked to the overall MTEF and the establishment in NPCCS of the poverty reduction unit are important steps in this direction.

### **3.4. Cross cutting issues**

#### **3.4.1. Gender**

The situation of Namibian women remains precarious despite recorded progress in establishing a legal and institutional framework to promote gender equality. The Namibian Constitution prohibits discrimination based on sex and this commitment has been taken up in the Affirmative Action Act that promotes the access of women to the job market. However, the 2001 Household survey has concluded that Namibian women in urban areas face the highest rates of unemployment although urban females have by far the highest literacy rate (92%). Unequal access to economic resources means also that Namibian women tend to be poorer than men. The HIV/AIDS epidemic is taking a high toll on women with 22% of pregnant women being infected with the virus and home based care of patients continuing to be a burden on women's time and resources. Migratory patterns and HIV/AIDS contribute to 45% of the households being headed by women. On the political scene, women make up 40% of the local councillors and 25% of the members of the Parliament in the National Assembly, contrasting sharply with the limited participation in regional councils (4%) and the National Council (2 out of 26 places). The gender-related development index for Namibia is 0.62, ranking Namibia in 100th place among 144 countries surveyed for the Human Development Report 2003.

The policy framework for gender and development is articulated in the National Gender Policy of 1997 and the National Gender Plan of Action of 1998-2003. The latter will be reviewed in 2004 with a view to drafting a new Plan of Action along the policy lines of NDP2. To implement the gender policy framework, a Ministry of Women's Affairs and Child Welfare was established in the year 2000.

Recent positive developments in the legal field include the adoption and entry into force of the Combating of Domestic Violence Act and the Maintenance Act. The importance of the former legislation should be analyzed in light of the conclusions of the WHO Multi-Country Study on Women's Health and Domestic Violence 2001-2002 that found that 36% of ever-partnered women in Windhoek reported having suffered physical and/or sexual violence at the hands of an intimate partner. The latter Act establishes a principle of joint responsibility of both parents for the maintenance of their children. Discrimination continues, however, on inheritance and marriage under civil and customary law.

In terms of international commitments to the rights of women, Namibia acceded to the Convention on the Elimination of All Forms of Discrimination Against Women in 1992 and was the first country to ratify the Optional Protocol to the Convention. For the Beijing plus 5 review process, Namibia also contributed with a national report on progress achieved.

The Namibia-EC Country Strategy Paper recognizes the importance of mainstreaming gender into all development actions and consequently, the EC's response strategy integrates gender in the two focal sectors of education and rural development. The Education Sector Programme acknowledges for example that while primary entry levels and survival rates at all levels are positive for girls (see section on MDGs), the rate of female participation in vocational education and training is disturbingly small, justifying measures to encourage continuing education for girls in non formal ways. Similarly,

some of the education specific indicators for annual monitoring are gender specific (divided into male/female). For rural development, the programme of support is currently in the planning phase and the feasibility study highlights the need to take into account the gender implications of proposed interventions and promote qualified women to key positions in the programme.

### **3.4.2. Environment**

Environment is recognised as a major cross-cutting issue by Government to promote economic growth while ensuring equitable and sustainable utilisation of renewable and non-renewable natural resources (NDP2). An Integrated State of the Environment Report is under preparation and a set of Core Environmental Indicators (CEI) is being agreed upon with ample consultations with relevant stakeholders. The most relevant identified trends as well as the institutional and policy framework to address environmental issues are analysed in the Summary Environmental Profile in Annex II. Extensive efforts are being made to provide for the adequate policy and legislative framework for environmental issues. The key challenges for Namibia include:

- The need for economic diversification within the natural resources sectors (mainly agriculture, fisheries, tourism and mining)
- The need to implement development plans that take into account the Total Economic Value of all resource sectors (that is, including direct use values, indirect use values and non use values). This links with the need for reliable indicators for monitoring and analysis.
- The need to develop and maintain economically sound systems of tenure and management of all natural resources.

These issues should be addressed inter alia, by the EDF 9 supported Rural Poverty Support Programme.

### **3.4.3. Fisheries policy**

Fisheries continue to be one of the main drivers of Namibia's economic growth, only second to mining in terms of export value in 2002. There is currently no fisheries agreement with the EU but Namibia's fishing industry benefits substantially from the duty free access under Cotonou. The industry's development has been hampered by the scarcity of key fish resources, and the authorities are trying to rebuild stocks through sustainable management. Restrictive catch quotas are aimed at rebuilding stocks and achieving sustainability. For example, owing to the fragility of fish stocks, in March 2003 it was announced that no new applications for long-term fishing rights would be accepted in 2003, but extensions to already existing ones were granted. Total annual marine catch increased from 511,400 tonnes in 1997 to 623,000 tonnes in 2002, reaching an export value of N\$3.311 billion and contributing 6.6% to GDP. Fisheries employ about 14,000 workers; about 60% of the workers are employed in some 16 processing plants.

Revised fisheries legislation has strengthened management and "Namibianization" policies. Government priority is to encourage fishing joint ventures between established foreign firms and Namibian entrants. Allocation of fishing rights and quota fees favour Namibian involvement and domestic processing by foreign-owned operators. These policies may reduce the industry's efficiency (e.g. through allocation of uneconomic small catch quotas to Namibians and encouraging inefficient processing). The industry's domestication may also be overstated if foreign firms simply adopt "Namibianization images" so as to receive special treatment, such as reduced quota fees. However, some results have been attained, as the number of vessels with more than 31% Namibian crew increased from 13% in 2000 to 43% in 2002.

### **3.4.4. Migration and LRRD**

Migration data is not readily available in Namibia where IOM and ILO are not present, and therefore a detailed analysis of the situation of migration has not been possible. Drawing upon the findings of the 2001 Population and Housing Census, it can be concluded that international migration is not a significant phenomenon in Namibia. Only 3.1% of the population is non-Namibian and close to 50% of the immigrant population consists of refugees from mostly Angola. As concerns labour migrants, the number of work permits issued to foreign nationals is still limited although the past years has seen a steady increase in this regard with nationals from South Africa, China, Germany, the Philippines and Spain leading the statistics. The GRN has announced that it follows a restrictive approach to the

issuing of work permits and this is assumed to lead to some undocumented labour migration from Angola, Zambia and Zimbabwe. Emigration data point to a similar trend of limited numbers of Namibians working abroad. A survey in 1998 concluded that Namibians have a low propensity to migrate to South Africa which remains the most accessible and likely destination for work, implying that the total number of emigrants is insignificant. This is also reflected in the sum of incoming remittances from emigrants that in 1998 amounted to US\$11 million. The main destinations for emigrants include South Africa, Zambia, Zimbabwe and Botswana.

This situation of low-intensity international migration can be contrasted with the state of internal migration. The 2001 Census noted that 2 out of 5 persons usually residing in urban areas were not born there, accounting for a growth in the population of urban areas.

A substantial proportion of the foreign nationals residing in Namibia are refugees or asylum-seekers of African origin. In 2003, Osire refugee camp housed approximately 26,000 refugees or asylum-seekers, 4423 of which were repatriated in 2003. Despite the commencement of the repatriation of Angolan refugees, Osire refugee camp has seen some unrest due to the shortage of food and other items.

2243 new asylum-seekers entered the country in 2003. As a result of internal stability, internally displaced people are not an issue in Namibia and in year 1999, the UN Mine Action Service asserted that landmines constitute neither a humanitarian emergency nor a major obstacle for development in Namibia. Nevertheless, in November 2002 the Government of Namibia requested international mine action assistance to clear remaining mine areas. The reintegration of ex-combatants is also well underway with approximately 1190 ex-combatants out of a total of 18,361 registered being unemployed.

*For more details on migration, please refer to Annex VIII Migration Profile Namibia.*

#### **3.4.5. Food Security situation and Drought Relief**

The GRN has a National Disaster Plan and Drought Aid Scheme for the distribution of food assistance in line with the Food and Nutrition Policy and the National Food security and Nutrition Action Plan (1995).

The year 2003 presented the second successive drought situation further to the 2002 drought. The crop assessment indicated that the yields for maize were the lowest since 1998/99 and the production of sorghum was exceptionally low. The reasons for the poor cereal production were attributed not only to the poor rainfall, but also to shortage of seeds, non retention of seeds from previous seasons by most farmers and late distribution of the drought relief seeds. At the same time, the grazing condition in most communal areas did not recover from the poor rainfall of the 2001/2002 season, leading to deterioration of the livestock condition.

On 20th November 2003, the Office of the Prime Minister (OPM), launched an international official appeal for drought relief, given the situation regarding poor rainfall expectations, for an amount of N\$127.5 million and covering the following areas: food provision, cash and food for work, water provision, crop production, livestock, transport costs, fire-fighting equipment, health and sanitation and orphans and other vulnerable children.

The UN undertook a review of the food security situation (still not available) and this should facilitate a common response from the donors to the Government appeal.

At the same time in some regions notably in Caprivi, floods were recorded due to rains in the catchment area of the Zambezi. The floods recorded in April 2003, caused the displacement of around 15,000 people. The main consequence was the reduction in crop production and the food availability in the affected regions. The Commission provided €100,000 for victims of the floods in Caprivi channelled by the Humanitarian Aid Office (ECHO) through the International Federation of the Red Cross, providing essential medicines, water/sanitation and emergency relief items to 12,000 people in 20 villages affected. ECHO also funded an intervention from Oxfam International supported by Intermon Oxfam for an amount of €200,032 ensuring the distribution of seeds to 10,171 households.

The current situation is of uncertainty since from December 2003 it has been raining throughout the country and the water reserves seem to be replenished. Grazing condition is recovering, offering an

opportunity to improve the state of the livestock. At the same time and for the same reason, the risk of repeating flood situations in certain regions is estimated as high, and another crisis situation is feared, due to high precipitations upstream of the Okavango and Zambezi rivers in Angola and Zambia.

#### **4. OVERVIEW OF PAST AND ONGOING CO-OPERATION**

This chapter covers an assessment of the results achieved at sectoral level as well as specific activities of programmes financed by the EC and the EIB. The programmes analysed in this section are those of the EDF 9 focal sectors. For sake of completeness, EDF 9 non-focal sectors, EDF 8 and EDF 7 programmes, article 255 and the Sysmin programme are also reviewed in the Annual Report and the appraisal is included in Annex IV.

##### **4.1. Focal Sectors**

###### **4.1.1. 9ACP NAM02, Education Sector Programme**

Start-up date (Disbursement of 1st tranche): January 2004

Total budget: EUR 21 million from EDF 9

###### **a) ESP Policy Framework**

Pro-poor policy objectives set out in the NDP2 and the NPRAP, as well as the strong legislative framework provided by the Education Act of 2001, guide the planning process for the emerging education SWAp. Strategic planning has been based on extensive consultative and analytical work, including that set out in Toward Education for All (1993), the Report of the Presidential Commission on Education and Training (1999), the Education Sector Appraisal Report (2002) prepared in preparation for the first Education Sector Joint Annual Review, and more recently the World Bank study on Human Capital and Knowledge Development for Economic Growth with Equity (2003/04). Other policy work has analysed specific issues, such as in National Policy Options for Educationally Marginalised Children and a Study on the Impact of HIV/AIDS on Education in Namibia. Throughout these documents the emphasis remains on the broad goals of access, equity, quality, democracy and efficiency, and on the long term commitment to the six EFA goals within the Dakar Framework for Action.

In this context, the 2003 Joint Annual Review set out a framework within which policy planning and key reforms in the sector should take place. Firstly, it is a GRN policy priority to focus on improving education quality and learner outcomes throughout the system. While the increases in access to schooling since independence have been very encouraging, given Namibia's relatively high expenditure on the sector, educational outcomes are disappointing. Secondly, the focus on learning outcomes reveals inefficiencies and inequities in the allocation and use of resources. As the sector faces increasing resource constraints in coming years, substantial improvements in the efficiency of resource use will be required if the quality of public education is to be sustained and improved. Thirdly, the ESP is closely linked to the broader Government decentralisation policy; focusing on strengthening regional/local level management capacity and enabling the developing role of School Boards in overseeing school budgets and ensuring greater accountability for educational outcomes. Finally, with the increased decentralisation of operational management moving forward, the roles of central education ministries will focus more on policy management, programme development, standard setting, monitoring, inspection and evaluation.

Support to the ESP is premised on an understanding that continuing levels of inefficiency, inequity and poor quality in the delivery of education services in Namibia require a more comprehensive policy driven and results oriented approach to sector planning, financing and monitoring. The policy framework is embedded in GRN medium-term planning and budgeting mechanisms (MTEF, PEMP and MTP), and Government has agreed with development partners on a collaborative framework to guide education sector development, most notably through the Joint Annual Review, the Education Sector Planning and Advisory Group (ESPAG) and the ESP Task Force. These mechanisms for sector management and coordination are beginning to institutionalise a rolling programme of performance review and strategic adjustment to policy priorities and strategic targets.

Improved medium term planning and mechanisms for sector coordination and review are enabling improved coordination of support from development partners. The EC and Sida are working in close

cooperation to coordinate support to the ESP through the SRF and the Institutional Strengthening and Capacity Building Facility. More regular meetings of Education sector development partners has also promoted increasing cooperation and information exchange, focusing on how various programmes and projects are supporting the common sector programme within the framework of the sector MTPs. This is enabling improved coordination with on-going and planned support from other key development partners such as Germany, USAID, Luxembourg, UNICEF and UNESCO. It has recently emerged that the Netherlands will start to investigate active support to the sector through the SRF.

## b) Results

### *b.1) Sectoral Commitments*

The sector policy commitments set out in the CSP have either been achieved or are well underway, although this needs to be seen within the context of on-going development of the sector under the ESP. The MBESC strategic plan has been costed and a strategic plan for MHETEC has been developed. A key recent initiative, mentioned in section 2 of the JAR has been the development of the Medium Term Plans (rolling line Ministry MTEFs) which support the move from activity to programme budgeting. The costing of the strategic plans whilst important has been a stand alone exercise that has to be revisited in line of this critical development which captures all resources, from both GRN and donors, and links these to priority programmes and outcome indicators based on the PEMP.

The second sector policy commitment set out in the CSP is the establishment of the Namibian Training Authority (NTA); independent of Government, more inclusive of and responsive to private sector stakeholders, and more able to guide and upgrade skills development appropriate to Namibia's requirements and resources. Again, progress here has been encouraging and as the ESP moves forward strategic support both to the NTA and the Vocational Education and Training (VET) sub-sector more broadly is becoming more coherent at a policy level. The establishment of the NTA was approved by Cabinet in January 2004, including the setting up of a Training Levy which will eventually fund it. It is anticipated that the establishment of the NTA will be complete within this calendar year. Before this can be done legal advice is being sought on either amending the 1994 Vocational Training Act or the drafting of a new act. Long term technical assistance and other appropriate advisory support to the establishment of the NTA are being provided under the Facility.

From this it is clear that Namibia's performance against sectoral commitments can be assessed as good. It is anticipated that significant further progress will be made over the medium term, under the framework of the ESP. Sector performance is assessed further below against key indicators.

### *b.2) Performance Measurement*

This assessment of sector performance is based on a set of fourteen indicators most relevant to the intervention framework (See Annex III). The data has been extracted from a variety of sources: the Education Management Information System (EMIS) database and yearbooks, the 2001 Housing and Population Census, and annual Ministry reports. The data sources are seen as generally reliable, with some important caveats. The EMIS provides reliable data until 2001. Since then however the MBESC has had problems in staffing the unit. While this is now being addressed, it has caused problems in finding up to date baseline data for 2003. The Census is a source of up to date data on the school age population. The literacy rates have also been drawn from this source, though limitations of this are explained in the relevant section below. Finally, while Ministry reports have also provided important supplementary information, these reports have mostly focused on activities rather than outcomes. In addition, for the Higher Education and Vocational Training sub-sectors, there is currently a lack of reliable information. This is an issue being addressed with support from the ESP Facility.

At the 2003 Annual Review, it was agreed that identifying a core set of indicators for monitoring sector performance and informing policy and planning decisions is a high priority for the ESP. With the multiplicity of sources and users of indicators there is a need for the review and rationalisation of a common set of sector level indicators. These need to be measurable and suitable for measuring inputs, outputs and outcomes. This work must be in line with and feed into PEMP, which is the GRN mechanism for setting and monitoring outcomes. The ESPAG meeting in November 2003 set up a small working group to take this exercise forward. This important instrument for measuring performance is thus in development, representing a key part of a process in which the Education

Ministries are focusing more on the results and performance of the system, rather than only on the management of activities. It is anticipated that through the sector programme a more prioritised policy framework will be established in which these sector performance targets will be embedded. Given that the monitoring framework is still in development, some indicators of policy results/impact are lacking, for example in showing the quality and relevance of education and school performance, especially in relation to the labour market. Also the impact of education services on poverty and rural populations needs further monitoring. Another gap seems to be on the outcomes of programmes for HIV/AIDS in education. With the strategic development of the EMIS and the further strengthening of the National Inspectorate indicators for sector performance will become more complete and nuanced.

*The following assessment refers to the indicators in Annex III:*

- *Input indicators*

Indicator 1 illustrates Government's financial commitment to the sector. As highlighted in Section 3.3.2 above, a high proportion of Government expenditure is taken up by education, illustrating the high commitment to the sector. In this context, while the share of Government expenditure allocated to education has been decreasing, it is still possible to assess performance on this indicator as good. However, as can be seen in indicator 2, the non-wage share of education recurrent spending is relatively low. In primary education, salaries make up around 94% of the recurrent budget, significantly higher than other countries in the region. This imposes a serious constraint on the budget available for other quality related expenditures such as text books and teaching materials. An indicator showing the pupil-textbook ratio may be useful to show the need in schools for spending on materials.

Indicator 3 shows that at a national level the learner-teacher ratio (LTR) is relatively stable at around 31 in primary schools and 25 in secondary schools. This is in line with the staffing norms set in 2001 (see Section b.3 below). Clearly in Namibia where control of the wage bill will increasingly become a central policy issue, any reduction in the LTR will have significant implications on the cost and efficiency of the system. As highlighted in the Education Sector Efficiency Report (2003), a 1% reduction in the wage bill would free up substantial further resources for other inputs. What is not shown in this indicator except when disaggregated is the significant disparity between regions. Various policy scenarios with cost implications need to be considered by decision makers to address this critical issue and implement programme level reforms.

The Education Ministries have only recently established the HIV and AIDS Management Unit (HAMU), staffed by the two ministries. Data is currently lacking and programmes in the sector are fragmented. HAMU will provide a focus for coordination and monitoring. Indicator 4 shows that there are increasing numbers of schools with HIV/AIDS support groups. Clearly this is only a first step in the response of the ministries in fighting the spread of HIV/AIDS. This indicator can be assessed as good, in that such groups are being set up relatively quickly. However, this is not sufficient in giving any detail on the quality of the work done and the outcomes it is having. The development of more relevant indicators and targeted research will be required to provide regular monitoring information.

- *Output indicators*

The low proportion of qualified primary teachers is seen as a key causal factor behind the generally accepted poor quality of education in schools. While most children now have access to school, the quality of teaching is often poor, and the distribution of qualified teachers belies significant inequities. However, as can be seen under indicator 5, the proportion of qualified primary teachers has been steadily increasing. In this respect progress can be assessed as sufficient, though in coming years both the proportion of teachers qualified and the spread of teachers across regions needs absolutely to be further improved.

The issue of quality in the schooling system is further highlighted in the poor performance of candidates in JSC and IGCSE examinations. NDP2 sets a target of 30% of JSC candidates achieving 27 points or above (this being seen as the ideal cut off score for entry to Grade 11). There does appear to be a slow trend towards this goal, despite a slightly lower proportion achieving this score in 2003 than in the previous year. There also appears to be some progress in IGCSE results, with the proportion of candidates un-graded gradually reducing towards the NDP2 target of 8% by 2006. At the higher end of achievement, the proportion of candidates achieving Grade C or above remains stable but low at around 20%, with a slight increase in 2003. However, these national figures hide some

important regional and subject variations. Further desegregation shows that results are especially poor in mathematics and biology, with well over 20% of IGCSE candidates un-graded.

While enrolments at VTCs appear to be rising gradually, the available data shows a poor pass rate on the trade tests at Level 2 and Level 4, at around 50%. There are clearly problems with the quality of this as an indicator of the quality and efficiency of the sub-sector. At present, however, there is little other data available, and it is a current priority of the support to the NTA to establish more reliable monitoring information systems. Certainly such low pass rates are not encouraging and confirm widely accepted analysis that the provision of VET is of poor quality and supply driven, and does not respond to the needs of employers and the labour market. More information is required on the outcomes and impact of training, for example the number of graduates entering and remaining in full time employment. It should be stated however that the Government has shown an increasing commitment to this sub-sector, revealed in on-going reforms (see below) and the increasing allocation of resources.

- *Outcome indicators*

As outlined in Section 3.3.2 above, Namibia is well on track to meet the NDP2 target for 2006 and the MDG of achieving Universal Primary Education by 2015. This is clear from the encouraging NER figures, and confirmed by GER figures which show a trend towards children entering school at the correct age. There is need for caution, as reaching educationally marginalised children remains a significant challenge, and on-going monitoring is needed of the impact that HIV/AIDS is having on creating new barriers to children entering or remaining in school.

Survival rates indicate that the Government is on track to reach its target to ensure that all children complete primary education. Again some caution is required, as there remain questions over the capacity of the primary system to enrol and keep all children in school. Furthermore, if NER and survival rates continue to increase, the need for more classrooms may become pressing.

The most reliable data currently available on literacy rates comes from the 2001 Census. There needs to be a degree of caution in interpreting data on reported literacy. The Census asked the question – Can you write and read in any language with understanding? – Which is likely to overestimate the number of literate people. To date no reliable literacy tests have been administered that could be used to confirm these figures. The youth literacy rate captured in the census is encouraging and shows an increase over the past decade. As in 1991, urban females have the highest literacy rate, although the variation in urban-rural literacy rates are significantly less for this age group than for the general adult population. Despite the progress in the recorded youth literacy rate, there is a need for further research into the outcomes of education, and in particular functional literacy which forms a basis for further levels of education and sustainable employment. The limited research in this area has raised questions over the quality of education outcomes in key areas of the curriculum. This is further seen in the low number of learners reaching the qualifying level for promotion from Grade 10 to Grade 11, and in the generally low achievement level reflected in IGCSE results.

### *b.3) Status of Education Sector reforms*

A number of sector reforms are set out in the NPRAP and NDP2, as well as in the strategic plans of the two ministries of education. These are largely guided by the 2001 Education Act, and analysis set out in Towards Education For All and the Report of the Presidential Commission on Education and Training, and subsequent policy documents. In broad terms, these reforms aim to ensure equitable access to high quality schooling, and improve the efficiency of the system. A number of these proposed reforms also promote greater levels of decentralisation and improved school management. While some progress has been made, and initial reforms brought in, especially after the Education Act, there is a need for further progress. With the move to a sector wide approach and the introduction of medium term expenditure planning there is now an opportunity for the proposed reforms to be brought together under a broad view encompassing sectoral objectives, priorities and strategies.

On-going and proposed sector reforms include:

- *Expansion of access through provision of school facilities:* In order to increase access to educational opportunities to all children, the GRN has actively targeted the provision of new facilities and renovation of old ones for the poorest communities and educationally marginalised children. This work continues, directed centrally by the work of the Directorate of Planning and Development in MBESC and Regional Education Offices, with selected support from development partners.

- *Pro-poor funding formula for schools:* A proposed reform to further reduce inter-regional disparities in the provision of education services is to introduce a pro-poor, capitation based funding formula for schools. This might be linked to the delegation of budget management to schools. These policy reforms have not been taken forward, but will need to be located in the context of public financial management reforms, in order to ensure the necessary systems are in place to make implementation effective. However, a policy for the provision of school maintenance budgets has been approved, though not yet implemented.
- *Establishment of School Boards:* Following a mandate under the Education Act, School Boards have been established at each school, forming the basis for further decentralisation of educational responsibilities to the school level and a higher degree of local accountability for learner outcomes. Schools are also required to prepare development plans and increase parental/community awareness and involvement in school management and decision making.
- *Staffing and efficiency reforms:* In 2001 a staffing norm of 35 for primary schools and 30 for secondary schools was introduced. As outlined in the Namibian Education Sector Efficiency Review in 2003, while this ratio was set in order to reduce the number of teaching staff, in fact 600 more teachers were needed. It seems the staffing norm may be unaffordable within the context of increasing salary costs and an increasingly constrained overall budget. Linked to this issue, the Presidential Commission recommended setting minimum and maximum qualifications for teachers, in order to contain the costs associated with the link between qualifications and salaries. This issue was raised at the 2003 Sector Review and will be closely scrutinised at the 2004 Review.
- *Curriculum reform/development and teacher development:* Since independence great progress has been made in curriculum development, focused on skills and competencies and inclusive of critical cross-cutting issues (e.g. HIV/AIDS, life skills, entrepreneurship). However, there seem to be major gaps between the curricula and the quality of teaching and school management. The continuing lack of qualified teachers in many regions is a key factor in this. Furthermore, curriculum development needs to be closely linked to the costing and provision of teaching materials, and the capacity of the system to deliver core curricula within available teaching hours.
- *Semi-automatic promotion:* In 1996 a policy of semi-automatic promotion was introduced allowing learners to repeat only once in each primary school phase and once during junior secondary.
- *Primary school assessment:* Effective external examination systems have been established for Grades 10 and 12. A proposed reform has been to introduce a standardised assessment and certificate for primary level, to encourage learners to stay in school and so increase overall learning outcomes. In 2000, a semi-external examination was introduced, chiefly to enable schools to monitor quality. Currently this does not effectively provide a national level perspective.
- *Establishment of National Inspectorate:* Following the 2001 Education Act, a National Inspectorate has been established, staffed at regional and central levels. Work has begun on building up the capacity of the Inspectorate to set and use performance indicators for school inspection and support. It is expected that this will provide more information on school performance, ensure failing schools are identified and assisted, and provide a national level picture of system performance.
- *Establishment of National Qualifications Authority (NQA):* The NQA was established in 1999 to develop a National Qualifications Framework, set national standards and provide recognition and certification for service providers.
- *More relevant and responsive systems for Vocational Education and Training:* The 2002 Appraisal Report for the first Joint Annual Review and the 2003 World Bank study have outlined the problem of fragmentation and inadequate strategic planning in the higher education and VET sub-sectors. Strategic plans for MHETEC set out plans to both strengthen capacity in the provision of VET, with closer links to industry, and reform the institutional arrangements under which the sub-sector operates. The establishment of the NTA has been a first step towards this, and under the current support to the NTA a planned review of the National Vocational Training Act is shortly to take place.

The Review Aide Memoire included an ESP Action Plan for 2003/04; this is a comprehensive and ambitious agenda to establish the foundation for reform actions necessary to achieve greater quality, equity and efficiency in the provision of education. The Action Plan sets out the process by which policy priorities can be agreed and translated into a set of implementable programmes. The inter-

ministerial ESP Task Force assigns responsibility for specific actions and reporting to the ESPAG on progress against this Action Plan.

The developments engendered under the sector wide approach go hand in hand with on-going and selective decentralisation. There is a need to focus on the new roles and responsibilities that come with this, as central ministry staff focus more on strategic planning and monitoring of education services and reforms. EC support is consistent with this shift, recognising the need for institutional and organisational development at central, regional and local levels to manage change.

#### *b.4) Milestones in Establishing the ESP*

It is important to locate the current baselines for sector performance in the context of the emerging education SWAp. This will form the basis of future policy review and adjustment processes. In terms of the process in establishing the ESP, significant progress has been made. Key milestones in the implementation of the ESP include:

- EC/DFID Readiness/Scoping study on a move towards Sector Wide Approach in Namibia (November 2001)
- Establishment of Namibia's MTEF in 2001/2002 Fiscal year (2001)
- Costing of strategic plan MBESC and finalisation of strategic plan MHETEC, (May 2002)
- First Joint Annual Review held with production of Education Sector Appraisal Report and Signing of Statement of Intent between GRN and 14 DPs, establishing an agreed consultative process for the ESP, including annual reviews, reporting, (June 2002)
- Government further develop MTEF, with sub-sector envelopes, linked to the PEMP for sector performance monitoring (March 2003)
- ESPAG meetings three times each year, for improved sector management and coordination, co-chaired by Permanent Secretaries MBESC and MHETEC (March, June, November)
- ESP Task Force meetings, chaired by Deputy Permanent Secretary MBESC (On-going as required)
- Signing of MOU between GRN and contributing partners to the ESP setting out the agreed procedures/actions for timely release of funds (July 2003)
- Second Joint Annual Review, with production of Aide Memoire and ESP Action Plan and with draft set of core education sector indicators to be agreed March 2004 (September 2003)
- First Education MTPs are prepared for the fiscal year 2004/05, with programme allocations in line with MTEF and targeted to priorities as set out in the NDP2 (October 2003)
- Establishment of Institutional Strengthening and Capacity Building Facility, with Principles of Implementation signed by GRN and contributing DPs, a Facility Implementation Manual and Start-up Work Plan, and set up of Technical and Administrative Support unit (October 2003)
- First tranche of budget support from EC and Sida (January 2004)
- More regular DP coordination meetings, especially in preparation for ESPAG meetings (On-going)

From this it is clear that significant progress in the move towards a Sector Wide Approach in Education has been made, as the GRN starts to take a stronger lead in the coordination of sector planning, financing, management and monitoring under the ESP.

#### *c) Activities*

The preconditions set out in the Financing Agreement for disbursement of the first tranche of support to the SRF were met and payment was made in January 2004. This allocation was reflected in the revised budget for 2003/04, which included resources amounting to N\$28.6 million (around EURO 3.5 million). In providing sector budget support, the EC by definition is not targeting funds from the 9th EDF to specific votes, but rather focusing on policy development and improved outcomes. However, the Education Ministries have indicated that these additional resources have been allocated to the following priority programmes:

<b><u>MBESC:</u></b>	Examinations: N\$1.01m HIV/AIDS: N\$2.7m Primary education facilities: N\$14.8 (capital budget) Namibia Library and Information Service: N\$0.86m Adult learning/literacy: N\$1.2m Curriculum and teacher development: N\$2.4m
<b><u>MHETEC:</u></b>	Vocational and Technical Training (including Community Skills Development Centres): N\$5.57m

The second tranche of support is scheduled for April 2004, for which broad requirements have been met in the September 2003 Annual Review. Following sector performance/progress reporting and agreement on a monitoring framework at the ESPAG meeting in March 2004, the compliance level for the second tranche of budget support will be reviewed.

An Institutional Strengthening and Capacity Building Facility was established as a pooled donor fund to provide coordinated support strategic reforms and associated capacity building under the ESP. This pooled donor fund is an innovation not tried before in the context of Namibia's education sector. A Facility Implementation Manual (FIM) and a Start-up Work Plan were developed in September 2003. It was recognised that the FIM should be an organic document to be reviewed and revised regularly in order to ensure lessons are learned and the Facility can become more integrated into the GRN and Education Ministries own planning systems.

The Facility Steering Committee (FSC) and its Technical and Administrative Support (TAS) are now operational. High level involvement in the FSC from key Ministries has been encouraging (Basic and Higher Education, Finance, Planning Commission, Office of the Prime Minister and the Office of the Auditor General). The FSC first met in October 2003 and good progress has been made with the Start up Work Plan, including recruitment of technical assistance for Policy and Planning, Finance and Budget Planning, establishment of the NTA, HIV/AIDS Planning, and an Institutional Needs Assessment. Recruitment is also under way for advisory support on the development of Education Management Information Systems (EMIS). This is now a crucial input as information needs for strategic monitoring of the sector are becoming pressing as the ESP moves forward.

d) Cross cutting issues:

d.1) *Institutional Development:*

Under ESP both Government and donor assistance is used to strengthen programme planning, management and monitoring systems. The roles and responsibilities of both headquarters and provincial staff will need to be adjusted to take account of changing responsibilities. The phased decentralisation of operational planning, management and monitoring of education services to regional, circuit, cluster, school/institutional and community levels is a central component of the ESP. Capacity building will require an integrated approach to both broader sector wide planning and management and more specific priority programme management.

In establishing the Facility it was recognized that such support would ideally fit within a broader Government programme of institutional development and capacity building for the education sector. Such a programme will need to include current and planned activities funded and managed under different Ministry directorates and with support from various donors under different support modalities. At the Joint Annual Review in 2003 an initial priority identified for the Facility was to conduct an Institutional Needs Assessment (INA), outlining the institutional, organisational and capacity building priorities and reforms of the Education Ministries as they move towards implementing prioritised programmes under a sector wide approach.

d.2) *HIV and AIDS:*

Significant work has been done in recent years to assess the impact of HIV/AIDS on the Education sector, and outline priorities for action. HIV prevalence among the early teens is close to zero, but rises rapidly from the mid-teens to over 20% in individuals aged 20. Regional and local variations show higher levels than this in some communities. Hope lies in the number of teenagers not infected. However, with current rates of infection, and unless more effective prevention is managed, over one quarter of learners will become infected during or soon after their education. Aside from the human

and social consequences, this represents a critical negative impact on the efficiency of the education system.

Education represents a key opportunity to reach young people and influence the rates of infection, both through the formal and non-formal systems. Current responses by MBESC, development partners, NGOs and communities represent a strong platform on which to build. However, it is clear that the response to the crisis needs to be stepped up further. Studies indicate a continuing low level of basic knowledge on the epidemic in many areas, and a high degree of uncertainty among health and education professionals that risk behaviour of young people is actually changing.

The problem of coordination and leadership of the sectoral response to the crisis has been highlighted as a priority for action. This will become yet more critical as significant resources from various international agencies will be coming on stream in the coming year, including under Global Fund and USAID support, supplementing GRN resources under the SRF allocated to HIV/AIDS programmes. A joint Education Ministry HIV and AIDS Management Unit (HAMU) were established to lead the process of planning, coordination and monitoring of HIV/AIDS programmes in the sector. This is not a simple task, and HAMU is only recently established with limited staffing.

*d.3) Gender:*

As outlined in Section 3.2.2, Namibia has achieved gender parity in basic education and to some extent in tertiary. However, as outlined in Namibia’s contribution to the State of the World’s Children report for 2004, a closer look reveals important disparities. For example in some areas of the north girls’ enrolment is still significantly below that of boys, especially in senior secondary education. Equally, more research is needed to identify the issues behind of the relatively poor performance of boys in school examinations. Gender issues will be more thoroughly assessed under the ESP, as national, regional and local levels of monitoring are strengthened.

**4.1.2. Rural Poverty Reduction Support Programme**

Total budget: EUR 53 million

**a) Results**

*a.1) Policy development*

In Namibia, Rural development is multi-sectoral and requires coordinated action from many Ministries and other actors. The GRN National Poverty Reduction Strategy and Action Plan constitute the underpinning policy framework for the programme.

With its mandate to coordinate national development planning, NPCS is leading the overall design, management and monitoring of the proposed programme in support of rural poverty reduction in Namibia. After a scoping study by FAO and the first phase of the feasibility study of EC support, the Government clarified the policy framework that should be used to guide the programme design. Key points in the policy framework are summarised in the table below:

*Figure 1: Policy Framework for support to rural poverty reduction*

<b>Policy Framework</b>	<b>Programmes/Plans:</b>
Vision 2030 National Objectives of 2 <sup>nd</sup> National Development Plan (NDP2) Poverty Reduction Strategy (PRS)	National Development Plans (NDPs) Sector and Regional Plans Public Sector Investment Programme (PSIP) Medium Term Expenditure Framework (MTEF) National Poverty Reduction Action Plan (NPRAP) Rural Profile and Strategic Framework (RPSF)
<b>Cross-Cutting Policies:</b>	<b>Programmes/Plans:</b>
Decentralisation Policy/Local Government Act Trust and Equity Fund Act HIV and AIDS (MTP3) Gender Policy	Ministry of Regional and Local Government and Housing (MRLGH) Strategic Plan Regional Development Plans (RDPs) Decentralisation Implementation Plan Medium Term Plan 2 Regional Multi-Sector Plans National Gender Plan of Action

The development of the policy framework has been more complex than foreseen in the CSP, in that addressing rural poverty requires a broader framework than for example only looking at agriculture or land sector strategies. This complexity has been captured in the above strategic development plans which ensure that the programme is framed around a robust pro-poor framework. Central to the monitoring and programme coordination will be the national Poverty Monitoring System (PMS) which is currently being set up. In terms of indicators, the programme will use the national poverty indicators that also relate to the national poverty reduction strategy and action plan which are currently being reviewed.

Government and the EC Delegation have agreed that the Poverty Reduction Strategy and Action Programme currently under review provide the basis of the policy commitment for the rural development focal sector and not a rural development policy (as indicated in the CSP) which would be limited in scope and not follow Governments institutional and policy structure.

It has become increasingly clear in the policy design process that the overall objective of the programme is to make a contribution to rural poverty reduction (this has also led to a change in the title of the programme) and hence NPCS rather than the Ministry of Agriculture is the lead coordinating agency.

After an extensive pre-feasibility analysis and a participatory and consultative feasibility study, a programme and operational framework incorporating the policy objectives stated below is under development and should be finalised shortly. A draft financing proposal for the EC supported programme is expected by April 2004.

Figure 2: Proposed programme of EC support to rural poverty reduction

<b>Policy Objective (at the macro-level)</b>	<b>Agreed Framework (final RFSP report)</b>	<b>Proposed Programme (action / response)</b>
Promoting opportunities to generate income	Employment on farm Employment off farm	Decentralised Demand-Driven (DDD) Actions
Addressing inequalities	Access to credit Access to land	DDD Actions Support to Land Reform, (especially capacity to implement land reform)
Improving (integrated) use of public resources	Rural Services: water Rural Services: roads	Support to Improved Rural Water Supply Support to Rural Access Roads

#### *a.2) Performance measurement and core indicators*

A set of core indicators in line with the systems and structures that the Government already has in place, have been agreed upon for the general monitoring of the programme. More detailed indicators and targets will be developed by Government during 2004 as part of the NDP2, and PRS and NPRAP, review exercise. The current core indicators are:

#### (a) Poverty (general)

The Human Poverty Index (HPI) has been chosen as the core indicator for measuring poverty because it incorporates a range of social, as well as economic, criteria. It combines data on health, education and income. This is relevant to the programme as it aims to address rural poverty through improving access and services, as well as by promoting rural employment. In the longer term, regional level HPI data will also be available to be compared with 'poverty line' data (currently under preparation). This should enable a better analysis of impact of poverty from an income and a consumption perspective. The table below shows the trend in HDI and HPI over the last 7 years (Source UNDP). For more information, see the Poverty Analysis section of this report.

<b>Year</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
HDI	0.573	0.570	0.644	0.638	0.632	0.627
HPI (%)		25.0	26.6	34.5	34.5	37.8

#### (b) Rural Employment

The largest component of the programme – Decentralised Demand Driven Action – aims to promote rural employment. Enhancing and diversifying agricultural production, tourism enterprises, cottage industry and improving access to credit, are all relevant strategies within this component of the programme. The rural unemployment rate was chosen as a ‘core indicator’ for this. According to the Namibia Labour Force Survey (NLFS) 1997 and 2000, and to the National Census 2001, rural unemployment has evolved as follows:

Year	1997	2000	2001
Rural Unemployment Rate	30.3	35.9	30.8

The next NLFS is anticipated in 2004. As it stands, the data shows a high fluctuation in the rate of rural unemployment. It appears that the general target of maintaining or slightly reducing unemployment (NDP2) is being achieved. However, the impact of national plans and strategies needs to be further monitored and analysed as creating sustainable rural employment will be key to ensuring successful rural development and poverty reduction.

(c) Access to Potable Water in Rural Areas

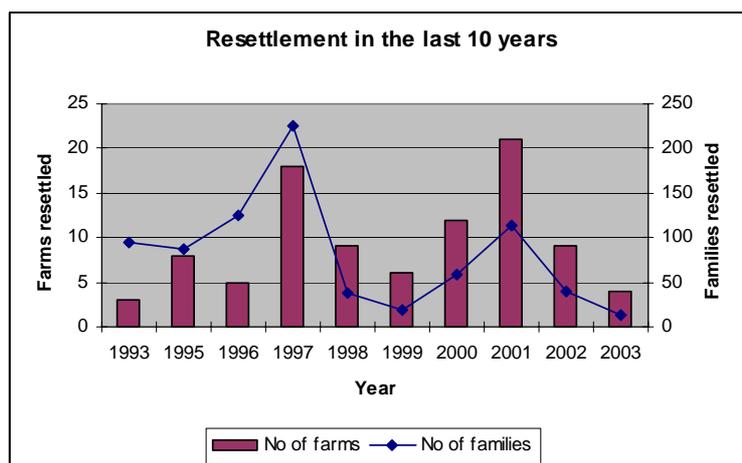
Improving access to a sustainable source of potable water is a key strategy to reduce rural poverty, through improving health and increasing opportunity for rural households to help themselves. According to the PEMP indicators the baselines and forecasts as per water coverage of rural households not within 2.5Km of safe water source is as follows:

Year	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
Water coverage: % of rural households not within 2.5Km of safe water source	35	30	25	20	18

The NDP2 target that by 2005/2006, 82% of the rural household will live within 2.5Km of a safe water source is in line with the Millennium Development Goal that 80% of the population will have access to safe water by 2006.

(d) Land Reform

Timely implementation of equitable and viable land reform is needed to assure sustainable political, social and economic development in Namibia. To address this issue the programme includes a component to “enhance capacity and action at the national and regional level to affect plans for extensive land reform”. It is therefore important to have ‘core indicators’ to monitor this capacity at national and regional levels.



The number of families resettled by the MLRR is considered in the PEMP as an important overall core indicator to assess the implementation of Land policies. The table shows the evolution in this regard for the last ten years is irregular and in 2003 there has been a decline in families resettled but the NDP2 (modest) target of resettling 36 families per year has on average been achieved. This indicator measures the performance of the MLRR, but not the actual improvement in the life conditions of the population resettled.

At the same time, another indicator has been selected to provide with information on how the Programme addresses the impact of the Land Reform in poverty reduction. This is the percentage of family units settled who are self-supporting. This would indicate the degree in which the resettlements are sustainable, not needing external GRN support. The table below shows the figures forecasted by the government.

Year	2001/2002 actual	2002/2003 actual	2003/2004 forecast	2004/2005 forecast	2005/2006 forecast	2006/2007 forecast
% family units settled who are self-supporting	40	40	50	55	60	70

(e) Roads

Access to roads has been identified as a major factor in the development of economic opportunities in rural areas, and access to social services and markets. Labour-based construction methods have been considered as an important instrument for the reduction of poverty and unemployment.

According to the latest PEMP baselines, the access of rural households to roads is very limited since 95% of the households in rural areas are at a distance greater than 2,5Km from a transport route.

Indicator	2001/2002 actual	2002/2003 actual	2003/2004 forecast	2004/2005 forecast	2005/2006 forecast
%of households more than 2,5Km from transport route	95.3	82.4	74.0	70.6	64.7

(f) HIV/AIDS

Due to the considerable negative impact HIV & AIDS is having on rural populations and their livelihoods it was identified as a core cross-cutting issue in the design of the programme. As such the mainstreaming (in non-health sector interventions) of actions to mitigate HIV&AIDS is a vital part of the programme.

Please refer to the relevant section in this report regarding Health and HIV/AIDS for indicators at national level.

Conclusions

In view of the above appraisal and the limited amount of reliable data available, there is a mixed analysis of trends in the Rural Development focal sector. Positive trends can be observed in Water and Roads while the trend in Rural Unemployment has stabilized (at a very high level) but is slowly declining. In terms of Resettlement, there is no clear trend which indicates that results have been erratic. In Poverty and HIV/AIDS, as mentioned in the MDG analysis, there is a negative trend which is also a result of the direct linkage of both indicators.

The Rural Poverty Support Programme will hence have to be supportive to GRN policies that initiate a more balanced development in the rural areas and allow the population to achieve improved living standards.

b) Activities

Focus during 2003 has been in the agreement of the general policy framework for Rural Development in Namibia (drawn from the existing GRN policies) and the finalisation of the Feasibility Study that provided the basis for a Rural Poverty Support Programme. A draft feasibility study has been produced and consultations with all relevant stakeholders are being carried out in order to finalise the exercise and to submit as soon as possible a Financing Proposal to EC Headquarters in order to be able to start implementation before the end of 2004.

The Feasibility Study indicates that the general structure of the RPSP should be articulated in five main components:

1. Institutional Support: aiming to support an institutional framework capable of action formulation, implementation, coordination and impact monitoring at national and regional level.
2. Rural Access Roads: aiming to improve access for selected rural communities in selected regions to enhance access to services and markets
3. Rural Water Supply: aiming to improve access for selected rural communities in selected regions to safe water supply and to empower communities to manage and maintain their own local water resources.
4. Capacity Building for Land Reform: aiming to enhance capacities and improved action at national and regional level to affect the plans for extensive land reform.
5. Decentralized Demand-Driven (DDD) Rural Development Action: an open initiative to provide access to rural support facilities in different focal areas

c) Degree of Integration of Cross-cutting Issues

HIV/AIDS, Environment and gender specific plans are in place and will underpin the programme and are embedded in the Poverty Reduction Strategy EC will be supporting.

For the reduction of poverty, HIV/AIDS mainstreaming (in non-health sector interventions) is critical. Actions to mitigate HIV&AIDS both through the support of the rural sector strategies and at the regional level through the RACOCs as required.

#### **4.2. Cooperation with NSAs**

In 2003, there has been progress in the development of a policy framework to manage NSA activities. With the assistance of the EDF supported "Capacity building for Development Planning (CBDP)" programme, NPCCS is finalising a Civic Organisations Partnership Policy which should formalise the role of Civil Society in Namibia and the relationship with the Government. This policy should be the actual starting point for a stronger involvement of NSAs in the development process.

The EC is also supporting through the same programme, the development of a NSAs database within NPCCS. A total of 282 NSAs are registered in the National NSA Database (2003) and NPCCS intends to establish a NSAs Help Desk to centralise assistance to NSA as a response to NDP2.

Indeed, a main component of the CBDP programme is the strengthening of public-private partnerships (e.g. with the Chambers of Commerce and Industry) and in line with this thinking, the programme is introducing an innovative system of call for proposals to support NSA initiatives in areas of national development and provide capacity support to NSAs.

The 9th EDF funded Rural Poverty Support Programme will have EUR 18 million allocated to Demand Driven Initiatives from the regions and this will include a substantial amount of programmes proposed from NSAs. There is no "ring fencing" of NSA activities due to the demand driven nature of the programme which will be managed through programme estimates and a system of local call for proposals on specific themes, which ensures the focus on national priorities and flexibility for NSAs to present proposals. Furthermore, other programme components will also be directed towards NSAs. For example, rural roads will utilise labour intensive methods and the programme will also support the land boards under the 'land component'.

The Education Sector Programme includes NSAs in the consultative process on Education sector reform and particularly the Annual Education Sector Reviews and quarterly Education Sector Policy Advisory Group (ESPAG) meetings. For the Ministry of Higher Education, Training and Employment Creation (MHETEC) resources are channelled to the institutions of higher Education (University and Polytechnic), the vocational training institutions – both formal and non-formal. The ESP is driving the reform of the vocational training system by making it demand led and directly linked to the private sector through a Namibia Training Authority (NTA). The Ministry of Basic Education, Sports and Culture (MBESC), is ensuring NSA involvement by facilitating NGOs/CBOs participation in school infrastructure development through labour based techniques and community involvement in school maintenance and more generally in school management. The strengthening of the school boards and the whole decentralisation process is also an essential feature of the ESP.

For the non-focal sectors, the Namibia Trade and Regional Integration Programme (NTRIP) underlying programme purpose is to improve the institutional, technical and managerial capacity of Namibian state and non state actors to be able to negotiate as equal partners in the international trade arena and to respond effectively and efficiently to global and regional opportunities and threats. The programme will also enhance the capacity of exporters to identify and develop products that match international markets' opportunities.

The programme will benefit directly the following NSAs:

Private sector organisations - ranging from the NCCI [Namibian Chambers of Commerce and Industry], representing the interest of industrial and commercial actors to NAU [Namibian Agriculture Union] and NNFU [Namibian National Farmer Union] representing the large scale commercial and small scale farming organisations.

Research Institutes: NSAs responsible for research and advanced economic analytical tools, impact studies and dissemination include the institutions of higher learning and research based organisations, e.g. the University of Namibia [UNAM], Namibia Economic Policy Research Unit [NEPRU] and Institute of Public Policy Research [IPPR].

The envisaged HRCDP recognizes the need for capacity building to Non-State Actors to enable them to play a meaningful role in the fight against HIV/AIDS. Under this programme, NSAs, especially at

the regional and local levels, will benefit from increased capacity to plan, mobilize resources and manage their programmes. HRCDP will also assist in identifying mechanisms for channelling funds, either public or external, to smaller NGOs and CBOs at the local level and test disbursement mechanisms through pilot funding of innovative activities in the HIV/AIDS field. It is believed that better managed NGOs and CBOs will result in better care and support for People Living With HIV/AIDS (PLWHA), their families and orphans.]

It is expected that up to 10% of overall resources will be channelled through NSAs.

### **4.3. Other Instruments**

#### **4.3.1. EC Budget Line Projects**

During 2003 only one Call for Proposals was open, B7-6000 for co-financing with European NGOs. For the rest of the budget lines, no calls were opened, and only in late December 2003, calls were opened for 2004 for proposals in Environment, Gender, etc. Due to Namibia's status as a low middle-income country, actions in Namibia are not eligible under budget line B7-6311 "Aid for Poverty-Related Diseases (HIV/AIDS, Tuberculosis and Malaria) in Developing Countries", thereby lessening possibilities for NGOs to access funding.

Out of the seven Namibian proposals presented under B7-6000 in 2003, only one was approved: VSO (UK) Namibia Disability Programme, which will start its activities in April 2004.

*The projects ongoing in 2003, funded in Namibia under the different Budget Lines are described in Annex V.*

#### **4.3.2. EIB activities in Namibia in 2003**

In the area of public sector infrastructure, implementation of the Windhoek Infrastructure II project concerning investments in the city's electricity, water supply and waste water infrastructure, was completed during the year. This allowed the remaining balance of the two loans made available to the City of Windhoek for this project to be disbursed in 2003, bringing total disbursements up to EUR 13 million. The EIB-funded Nampower II project, consisting of the construction of a 400 kV transmission line to the Skorpion zinc mine and a 220 kV line from Windhoek to the West Coast, was also completed during the year and a further disbursement equivalent to EUR 5 million was made to Nampower to finance related expenditure. As no new major infrastructure projects eligible for EIB financing proceeded to feasibility stage during the year, no new loan operations were finalised in this sector in 2003.

Regarding EIB support to the private sector, seven new allocations for a total of EUR 7.2 million were approved in 2003 under the second Private Sector Development Global Loan scheme, bringing total commitments (net of cancellations) under the facility up to EUR 6.4 million or 80% of available funds. The allocations concerned projects in the transport, tourism, mining, industry and manufacturing sectors. Following these new commitments, two further tranches of about EUR 2 million equivalent each were disbursed to Bank of Namibia for on lending, via approved financial intermediaries, to the promoters of the projects concerned.

EIB President Philippe Maystadt paid an official visit to Namibia in April 2003. A meeting with the Prime Minister and other high-level officials provided the opportunity to discuss Namibia's development strategy and possible areas for continued and improved co-operation between Namibia and the EIB in the framework of the Cotonou Agreement / Investment Facility. Discussions have since been initiated regarding a possible new line of credit to support private sector development. Based on the experience acquired with the first two global loan facilities, a detailed analysis of the potential demand and the most suitable mechanism for providing long-term funding for private sector investment projects will be carried out in 2004. Subject to positive conclusions, a new improved facility could be made available in the same year. Other possible areas for co-operation under the Cotonou Agreement / Investment Facility include support for public or private sector infrastructure developments, including municipal infrastructure investments, the tourism sector and possibly the education sector.

## 5. PROGRAMMING PERSPECTIVES FOR THE FOLLOWING YEARS

### 5.1. *Integration of new EC/EU policy initiatives and commitments*

There is no need to adapt the response strategy and the CSP to take into account new policy initiatives. The following are accommodated in the EC response and are confirmed by the 2003 Joint Annual Report:

- Commitment towards the European Parliament of allocating 35% of resources to the social sectors. Through the support to Education and HIV/AIDS, 50% of the A envelope is allocated directly to the programmes in the Social Sectors. If one includes components of the Rural development programme support such as water, the proportion is even higher.
- Health: international commitments on health and poverty reduction. In particular, the fight against communicable diseases (HIV/AIDS, malaria and tuberculosis). Namibia has recently been allocated US\$ 26 million from the Global Fund for AIDS, TB and malaria (GFATM) for activities covering two years. The EC is a major contributor to the Global Fund through intra-ACP resources. In addition, GRN and EC have agreed to complementary support through the EUR 3.2 million Namibia HIV/AIDS Response Capacity Development Programme (HRCDP) – see section annex IV.
- Water and energy initiatives: international commitment following the Johannesburg summit: Namibia intends to benefit from the intra ACP water and energy initiatives. In addition, approximately EUR 10 million will be allocated under the Rural Poverty Support programme for water supply programmes in rural areas.
- Trade and development: This is an area where substantial attention was given in the CSP (non-focal sector) and in the MTR (see section annexes I and IV).
- Fisheries: There is no Fisheries agreement with Namibia but attention has been given in the country analysis. EC has provided support to this sector through 8th EDF regional funds (see section IV) and an 8th EDF NIP programme and infrastructure development support to the Namibian Fisheries Institute (Annex IV).
- LRRD and disaster preparedness: This is not a major issue compared to other countries (see section 3.4.4) but the drought situation is of concern and is addressed in the JAR (section 3.4.5).

The following are not major issues in Namibia:

- Illegal logging and related trade.
- Migration (see section 3.4.4 and annex VIII).
- Conflict prevention
- Disability and development although its being tackled by GRN and EC is supporting this through a budget line project (Annex V).

The above assessment and the JAR confirm the EC is implementing a coherent development policy in Namibia and utilising the full mix of policy instruments in support of poverty reduction.

In terms of complementarity (see annex VI), the EC closely coordinates its interventions with EU Member States and where ever possible seeks cofunding and /or joint initiatives (eg. Education and public financial management with Sweden and UK, Rural development (rural roads and land) with Germany)).

The EC is increasingly engaged in development coordination initiatives both at country level (coordination of NDP2 review exercise) and sectoral level (Education, Rural development and HIV/AIDS in particular). EU Member States and the EC participate actively in the HIV/AIDS Partnership Forum chaired by UNDP which brings together donors, UN agencies and relevant line ministries to discuss HIV/AIDS actions. The Education Sector Planning Advisory Group (ESPAG) is the principal forum for exchange of views between the Government, donors and NGOs on the Education Sector Programme and the EC chairs the Education Development Partners Working Group.

Reflecting its status as a middle-income country, development aid to Namibia accounts for around 4% of State budget expenditure and several EU donors, including Sweden, the Netherlands, the United Kingdom and Finland, have announced a down-scaling or reorientation of their cooperation. In 2003,

the Portuguese cooperation has ceased but for Portuguese language training. In light of this trend and the fact that the overall financial allocations to Namibia are of the EC are decreasing the importance of EC cooperation with Namibia will be heightened.

## **5.2. Proposal on a review and adaptation of the CSP**

The programming perspectives and particularly the chronogramme of activities and indicative time table for commitments and disbursements have been updated in Annex VII.

The proposal is to maintain the same focal and non-focal sectors agreed in the CSP which remain highly relevant i.e. a strategy revision is not required. The EC Delegation and NAO have followed the recommendation from EC Head Quarters throughout the EDF 9 programming process to programme and possibly over programme all existing resources. All EDF 9 Financing proposals (ESP, NTRIP, HRCDP, TCF, CBDP) have been transmitted to Head Quarters in 2002/03 with the exception of the Rural Poverty Support Programme that will be submitted in the 1<sup>st</sup> quarter of 2004 (Feasibility study has been finalised). In terms of financial allocations the proposal is to reallocate the remaining resources under the B envelope amounting to EUR 16.6 million to the A envelope and to allocate for Namibia an additional EUR 5 million on the basis of the assessment on needs and performance in Accordance to annex IV to the Cotonou Agreement.

These additional resources can be justified in view of Namibia's efforts to reach the MDGs (has already reached them in terms of access to basic education and water), the overall financial performance of Namibia and on the basis of the recognised need to reduce the deteriorating poverty condition due to the HIV/AIDS pandemic. Namibia has met its sectoral commitments in the CSP and progress has been good in the Education Sector and sufficient in the Rural development focal sector.

*The overall situation of EDF 9 programming is as follows:*

- A Envelope: EUR 48 million
- B Envelope: EUR 43 million
- Rural development programme: EUR 53 million (28 A envelope and 25 B envelope-ex-Sysmin)
- Education Sector Programme: EUR 21 million (A envelope)
- Trade and Regional Integration Programme: EUR 3 million (A envelope)
- Capacity development for HIV/AIDS response: EUR 3.2 million (A envelope)
- Technical Cooperation Facility (TCF): EUR 2 million (A envelope)
- Peace facility: EUR 1.4 million (B envelope)
- Total (over) programmed A envelope: EUR 57.2 million
- Total programmed B envelope EUR 26.4 million
- Total resources available: EUR 91 million - EUR 83.6 million (programmed A + B) : EUR 7.4 million.

To cover the above financing proposals there is hence the need to reallocate EUR 9.2 million from B to A envelope to cover existing financing proposals.

Furthermore, following discussions with NAO and EU Member States it is proposed to allocate EUR 8 million to a public financial reform programme (non focal sector – capacity building and also linked to Education focal sector). This requires the transfer to the A envelope from the B envelope of the remaining resources amounting to **EUR 7.4 million for a Reform of Public Financial Management Programme (balances of expected decommitments amounting to EUR 0.6 million would be added to the EUR 7.4 million available).**

### **Justification for Public Financial Management Reform Programme (PFMRP)**

- In support and linked to Education Budget Support
- In support of potential future EC Budget support (EDF 10)
- It is strongly supported by the Member States which are leaving the sector – Sweden, UK and Finland – EC would be the only donor.

- No BWI in Namibia and EC is seen by GRN as key interlocutor in this area and can provide considerable value added
- Ministry of Finance is committed in developing an Action Plan for PFM reform which EC can support and dialogue is excellent with MoF
- Strengthening Namibia's budgeting and expenditure systems is critical in a middle income country which will increasingly have less donor support and hence there is a recognised need to improve Namibia's control and budget planning systems. This will also advance the wider Governance agenda.
- MoF is driving critical reforms – MTEF, IFMS, PEMP, Internal audit that are critical for effectiveness of all sectoral programmes

The PFMRP will be supportive to the Public Financial Management Action Plan of the Ministry of Finance and some of the areas the programme should focus include reforming public procurement (establish public procurement unit, draft bill), Public Expenditure (IFMS, PEMP, control regime for programme budgeting), Debt management, internal auditing system (moving to systems audit, develop standards), revenue forecasting, facilitating the move towards an accrual accounting system, strengthening tax audit and investigation and financial management capacity support. The programme at the request of the Minister of Finance would also include critical support to State owned enterprise oversight.

It is hence proposed that the total resources of the B envelope is transferred to the A envelope.

It is also proposed to allocate **EUR 5 million of additional resources to the A envelope**. These resources would provide the NIP contribution to the regional Walvis Bay corridor programme (see Annex IV for details). This decision is in line of the recommendation of Commissioners Nielson and Lamy to refocus the NIPs to support the trade regional integration agenda which is already a non-focal sector in the CSP. Moreover, it would meet the requirement to absorb these additional resources in 2004 in a critical regional trade facilitation initiative.

The above amount might have to be further revised in May 2004 once the 2003 data of the FLEX system will be available since Namibia might require additional resources in 2004 should FLEX be triggered due to possible rise in the programme deficit and expected drop in export value in 2003.

## 6. CONCLUSIONS OF THE JOINT ANNUAL REPORT

### 6.1. EXECUTIVE SUMMARY

The purpose of the Namibia Mid-Term Review Conclusions (MTRC) is to provide, on the basis of the **2003 Joint Annual Report** (JAR), an overall assessment of the situation in Namibia and a review of the EU's response strategy as agreed between both parties in the Country Strategy Paper/National Indicative Programme (CSP/NIP) signed in June 2002.

During the programming exercise it was reaffirmed that the focus of EC assistance will be poverty reduction and the EC agreed with the Government of Namibia (GRN) on the following focal sectors: (i) Rural Development and (ii) Human Resources Development. The overall indicative allocation for the 9<sup>th</sup> EDF amounts to € 91.0 million of which € 48.0 million under the envelope A and € 43.0 million under the envelope B.

In the light of the MTR analysis carried out no revision of the strategy appears required as the rationale and considerations which led to the choice of the focal sectors agreed in the CSP remain relevant. Namibia has demonstrated a satisfactory absorptive capacity of EC assistance, with an anticipated further substantial improvement (pipeline) during the course of 2004/05, as well as a global positive performance of the strategy chosen for supporting the Government's programme.

With regard to the major funding project under preparation, the € 53 million Rural Poverty Reduction Programme, scheduled for presentation to the EDF Committee towards the end of 2004, the MTR concluded to launch a comprehensive Strategic Environmental Assessment (SEA) of the supported Poverty Reduction Programme during the second half of 2004, Namibia has not yet used its B envelope. It is proposed that € 15.3 million be transferred to the A envelope and a further increase in the A envelope by an additional € 3.0 million be considered to

cover the existing over-programming and to support the following two new priority measures that tie in well with the current Country Strategy:

(1) Support for public financial management reforms is not only an important integral part of capacity building for development planning as foreseen in the CSP/NIP (non-focal/complementary interventions) but is to be considered in support and linked to the on-going EC Education Budget Support and also to the further improvement of conditions for possible future EC budget support (EDF 10).

(2) Over and above the support for Non-State Actors (NSA) implemented activities the need has been identified for direct capacity building support for civil society to reinforce public dialogue, public awareness and knowledge.

An amount of € 1.3 million is kept in reserve for short-term emergency (Echo) actions, mainly in the field of repatriation of Angolan refugees.

## **6.2. NAMIBIA'S POLICY AGENDA**

In 2003, GRN has developed the strategic framework of "Vision 2030" and has launched the mid-term evaluation of the five-year National Development Plan 2 (NDP2), which serves as the framework for EDF support for Namibia. Designing a practical implementation strategy is the next and last step in the formulation process of Vision 2030, which will provide the broad framework in which future National Development Plans will operate. The mid-term evaluation of the NDP2, which should be finalised by mid-2004, will be closely linked to the parallel review of the National Poverty Reduction Action Programme (NPRAP), which provides the poverty framework within NDP2. The mid-term evaluations underpin the Government's intentions to improve and strengthen the monitoring of poverty in the second half of NDP2 and beyond. GRN and more particularly the National Planning Commission Secretariat - with the support of the EC, UNDP and Sida - is also developing the institutional framework to initiate and monitor pro-poor strategies. The recently established Poverty Reduction and Equity unit within NPCCS should strengthen NDP2 and NPRAP strategies through the development, inter alia, of a Poverty Monitoring System, including poverty indicators and participatory poverty assessments. Progress has also been made in the formulation of GRN/Civic Organisations Partnership Policy to strengthen the public-private partnership for development.

A significant development since the preparation of NDP2 and the EC-Namibia Country Strategy has been the preparation of the Medium Term Expenditure Framework (MTEF), the Performance and Efficiency Management Programme (PEMP) and, in 2003, the Medium Term Plans (MTPs). The relevance and effectiveness of National Development Plans will largely depend on how they take into account these critical public finance reform measures.

## **6.3. MAIN POLITICAL, ECONOMIC AND SOCIAL DEVELOPMENTS IN THE COUNTRY**

**Political situation:** Namibia continues to be committed to democracy, good governance and respect for human rights, though doubts are sometimes expressed as to the quality of democracy in view of the blurred line between SWAPO and GRN, a weak opposition and SWAPO domination at all levels of society. Since independence, the Constitution of Namibia has provided for a presidential-parliamentary democracy, safeguarded by a comprehensive Bill of Rights incorporating international human rights standards and an independent judiciary. Regional and local elections are scheduled for the first half of 2004 and presidential and parliamentary elections for late 2004. The President, Sam Nujoma, will retire at the end of the current five-year term (March 2005). The current Minister of Lands, Resettlement and Rehabilitation and Vice President of SWAPO, Mr Hifikepunye Pohamba, the President's favoured candidate, won the race to become SWAPO's presidential candidate (and de facto successor to President Nujoma) at an extraordinary party congress held in late May 2004.

In 2003, the human rights situation in Namibia saw some improvement. On 17 November 2003, the Combating of Domestic Violence Act and the Maintenance Act entered into force, opening up the possibility of advancing women's and child rights in the country. The Caprivi secessionist trial began in October 2003 after a delay of more than four years due to a dispute over the State's responsibility to grant legal assistance to the 121 defendants facing 275 charges of treason and related offences. The first months of the trial have shown that the legal process will be long and difficult. On an international level, it can be noted that Namibia ratified the statute of the International Criminal Court in 2002. GRN is in principle very positive to the African Union and the overall objectives of strengthening the position of Africa in the world. However, it has not explicitly supported initiatives

backed by the EU and the USA, such as the Peer Review under NEPAD, and has continued at least orally to support Mr R. Mugabe of Zimbabwe. An important feature of government policy over the last decade has been the continued commitment to good governance. The main challenge lies in maintaining the achievements of a corruption-free, transparent and accountable administration. This is also of greatest importance in view of the need for ensuring that a fair part of substantial revenues stemming from profitable sectors like diamond/precious stones and fish actually benefits to the poorest groups of the population. The transparency and accountability of the actions of the National Assembly and the Government were further enhanced with the establishment of an assets register for MPs and Ministers.

The important issue of **land reform** was on the agenda in 2003 with the establishment of a Permanent Technical Team supported by Germany (and henceforth also by the UK) for the design of a National Land Reform Action Plan. Despite an increase in the funding provided for land reform in the past year – from N\$20 million to N\$50 million – the scheme for resettling disadvantaged Namibians on commercial farms continues to face difficulties and needs to be further enhanced and supported by Namibia's cooperation partners. This requires a stronger political dialogue with the government, as recently relaunched by EC Commissioner P. Nielson on the occasion of his visit to Namibia, 5-9 July 2004. On this occasion he also re-iterated that it is, of course, of utmost importance that land reform processes respect the rule of law and principles of transparency, accountability, fairness and equity and that EC support takes place within a legal and institutional framework which fully meets these requirements. More clear and transparent criteria need also to be defined about the conditions to purchase farms made available in the land reform process by potential new farmers, including the selection process of those future beneficiaries. Moreover, there is an urgent need for substantial capacity building for land reform and land use planning, including strengthening of the land administration capacity of the Ministry of Lands, Resettlement and Rehabilitation and training in land management of farmers involved in resettlement programmes, since the Ministry has little absorption capacity. In a move to accelerate land reform, complementary to the "willing buyer, willing seller" scheme, the Government recently announced its intention to commence with the expropriation of farms in accordance with the provisions of the Constitution and related laws, providing also for adequate compensation. Any fears that Namibia might follow the "Zimbabwean way" appear thus unfounded.

**Economic situation:** Growth has been lower than expected in 2003 - GDP growth is estimated at 3.1% in 2003 compared to the original estimate of 4.2%. This follows on from growth rates of 2.3% in 2001 and 3.2% in 2002. It is projected to rise to 3.8% in 2004, 4.4% in 2004 and 4.1% in 2006. The **employment** picture in the country remains unclear due to the non-availability of data. The most recent data available on employment is the 1997 Namibia Labour Force Survey, complemented by the 2000 Labour Force Survey. The latter estimated the rate of unemployment to be 33.8%, slightly lower than the 34.8% recorded in 1997. With the economy growing slower than expected, the 2003/04 revised **budget** resulted in a downward revision of total revenue (first time in years) and a rise in the estimated budget deficit from 3.1% to 4% of GDP, away from the stated target of 3.0%. Not only has the fiscal deficit widened in the last two years, the **public debt**, while still low, has continued to rise. At the end of the second quarter of 2003, debt stock increased to a ratio of 28.0% to GDP, which is above the stated target in the MTEF/NDP2 of 25%. The worsened fiscal stance of the central Government emanated from a decline in revenue from diamond and other mining companies' taxes as a result of the **strengthening of the Namibia Dollar** against all major currencies, the US Dollar in particular. This clearly indicates the degree of dependency of a small commodity-based economy on diamond revenues (15% of GRN's revenues in 2002/03). **Public Financial Management** has been an area where GRN has been increasingly engaged in **reforms** in the budget process, with the introduction of the **Medium Term Plans** for each spending agency and an integrated public financial management system as well as the decentralisation of service delivery. Further expenditure restraint will be crucial against the backdrop of declining revenue from SACU. There is a need confirmed by the IMF Article 4 consultations to tackle the complex issues of public service and public enterprises reform. With revenue down and with the persistence of widespread poverty and high unemployment, a key policy challenge is to achieve higher growth rates and more equitable resource distribution to reduce poverty and unemployment.

In November 2003, a mission from the Food and Veterinary Office (FVO) of the European Commission visited Namibia in order to evaluate animal health controls relating in particular to Foot and Mouth Disease (FMD), BSE and BSE-related issues, public health control systems and

certification procedures. During this visit and after detection of certain shortcomings, the Namibian veterinary authorities decided to suspend for some weeks the issuing of certificates for the **export of beef and mutton to the EU**. Following the submission of the FVO mission report, the Namibian authorities have been requested to establish a programme of action in order to correct the identified deficiencies.

**Fisheries** continue to be one of the main drivers of Namibia's economic growth, only second to mining in terms of export value in 2002. There is currently no fisheries agreement with the EU but Namibia's fishing industry benefits substantially from the duty free access under Cotonou.

**Social sectors and poverty situation: Poverty indicator – the Human Development Index (HDI):**<sup>6</sup> The HDI (Source UNDP) analysis below indicates that despite the considerable investment in Education and Health, there has been a decline, since 1998, in the HDI although, in 2003, an increase compared with the previous year's data was registered. This is also clear from Namibia's ranking: Namibia ranked 93rd in the World HDI in 1998 and 124th in 2003. The main cause for this decline has been the tremendous impact of HIV/AIDS (22% prevalence in pregnant women in 2002) on life expectancy coupled with an insufficient GDP growth rate and high unemployment.

Year	1996	1997	1998	1999	2000	2001	2002	2003
HDI Index	0.573	0.570	0.644	0.638	0.632	0.627	0.610	0.627

**Progress in Education MDG and Gender:** Education has been a prime development priority since independence, absorbing around 21% of recurrent Government expenditure, or 9% of GDP, making Namibia one of the highest investors in Education both in Sub-Saharan Africa and in the world. Namibia appears to be on track to meet the Millennium Development Goals of achieving universal primary Education in 2015. The Net Enrolment Rate (NER) for Namibia has been steadily increasing over the past decade; from 81.5 % in 1991 to over 90% by the end of the decade. New census data show that the primary NER currently stands at around 92%. In these terms Namibia is progressing well towards the target set in the NDP2 of 94% by 2006 and towards achieving universal primary education by 2015. However, there are regional variations not shown by these national level statistics. A key challenge will therefore be to explore strategies for providing access to high quality schooling to educationally marginalised children, including children with disabilities and minority language speakers. The internal efficiency of the primary school system has shown improvements, as illustrated by the encouraging survival rates of children to Grade 5 and Grade 7 (94% and 85% respectively in recent years). This progress is significant when compared to the Grade 5 survival rate of only 75% in 1992. Namibia is clearly performing well in terms of eliminating gender disparity in the education system, with a generally good national balance in male and female enrolments. Indeed, the intake of females into Grade 1 is equal to or sometimes lower than for males in many regions. As tertiary education is further developed in Namibia, the key issue is to improve links to the job market and ensure that the courses provided at this level are more relevant to the needs of students.

**Progress in Health MDG:** Even though significant improvements have been realised (e.g. under-five mortality has been substantially reduced), these improvements fall short of the targets set by the MDGs, largely due to HIV/AIDS, which has eroded investment in the Health Sector. Data available for 1992 and 2000 indicate only a small decline in the prevalence of underweight children under five and thus very limited progress in achieving the MDG target. Surveys carried out since 1991 clearly confirm the trend of a declining under-five child mortality rate (from 87 in 1991 to 71 per 1 000 life births in 2001). Assuming that the current trend of a decreasing under-five mortality rate prevails, Namibia can see good progress towards achieving the MDG target. This is also reflected in the PEMP indicators, which use the 2001 Census as the baseline for its forecasts. The proportion of one-year-old children immunised against measles increased from 1992 to 2000, while a slight decline was

<sup>6</sup> A Poverty Line for Namibia is currently under preparation and should be finalised in the coming months. The NAO and the EC Delegation have hence opted to utilise the Human Development Index to measure poverty as it gives a broad indication of the multidimensional nature of poverty (data on health, education and income is utilised).

noted for 2000-2001 before a positive trend is expected to have picked up again from 2002 onwards. NDP2 aims to achieve immunisation coverage of 80% by 2006, which would still be below the target of at least 90%, however. It is of concern to note that maternal mortality had increased to 271 in 2000 from 225 per 100 000 live births in 1992, indicating that the situation has deteriorated in the past eight years, mainly because of HIV/AIDS. In view of the continuing HIV crisis, the MDG target of reducing the maternal mortality rate by three-quarters between 1990 and 2015 appears unlikely to be met. HIV prevalence increased from 2000 to 2002 in all age groups of pregnant women except in the age group 15-19, which recorded a 1 % decrease. In 2003, a major development has been the start of a roll-out of ARV treatment to major hospitals and clinics in the country. Recent research and forecasts suggest that HIV prevalence currently continues to rise sharply and that prevalence rates may level off at 24 % by the year 2005.

**Progress in Water MDG:** Almost all inhabited parts of the country are of a semi-arid nature. According to the national Census 2001, 87% of all households in Namibia have access to safe water. With regard to the rural population, 79% are currently served with safe water, and the GRN forecast is that, by 2006, 82% of the rural households in Namibia will have access to safe water, at a distance of 2.5 km or less to the nearest water point. This is fully in line with the relevant MDG.

**Cross-cutting issues:** Concerning **gender issues**, the situation of Namibian women remains precarious despite recorded progress in establishing a legal and institutional framework to promote gender equality. The Namibian Constitution prohibits discrimination based on sex and this commitment has been taken up in the Affirmative Action Act that promotes the access of women to the job market. However, the 2001 Household survey has concluded that Namibian women in urban areas face the highest rates of unemployment although urban females have by far the highest literacy rate (92%). Unequal access to economic resources also means that Namibian women tend to be poorer than men. **The HIV/AIDS pandemic** is taking a high toll on women, with 22 % of pregnant women being infected with the virus and home-based care of patients continuing to be a burden on women's time and resources. The gender-related development index for Namibia is 0.62, ranking Namibia in 100th place among 144 countries surveyed for the Human Development Report 2003.

**Environment** is recognised as a major cross-cutting issue by GRN to promote economic growth while ensuring equitable and sustainable utilisation of renewable and non-renewable natural resources (NDP2). An Integrated State of the Environment Report is under preparation and a set of Core Environmental Indicators (CEI) are being agreed upon with ample consultation of the relevant stakeholders. The key challenges for Namibia include the need for economic diversification within the natural resources sectors, the need to implement development plans that take into account the Total Economic Value of all resource sectors and the need to develop and maintain economically sound systems of tenure and management of natural resources. **Migration:** Drawing upon the findings of the 2001 Population and Housing Census, it can be concluded that international migration is not a significant phenomenon in Namibia. Only 3.1% of the population are non-Namibian and close to 50% of the immigrant population consists of refugees from mostly Angola. This situation of low-intensity international migration can be contrasted with the state of internal migration.– **Terrorism:** Namibia is currently in the process of finalising an "Anti-Terror Activities Bill", which intends to cover the main provisions of UN resolution 1979 (2001) on terrorism.

**Regional and international developments:** In 2003 Namibia has advanced its trade and regional integration agenda. It has been active in the regional integration processes, particularly under the SACU and SADC frameworks. SACU Member States agreed that the SACU Secretariat should be established in Windhoek. Together with the other SACU Member States, Namibia has been involved in free trade negotiations with the United States, EFTA, MERCOSUR, India, China and Kenya. Namibia has opted in 2003 to notify COMESA of its decision to withdraw its membership. Further to the SADC Trade Ministerial meeting on 21 November, Namibia is one of the seven SADC countries (BLNS, Tanzania, Mozambique and Angola) to be speeding up preparations for EPA negotiations, which will be launched in Windhoek in July 2004.

## 6. 4. STATE OF PLAY IN IMPLEMENTATION OF THE EC COOPERATION

### PROGRAMME

Charts summarising performances in the focal sectors are presented in chapter 6. The good financial implementation performance in the two focal sectors is illustrated by the following figures (7<sup>th</sup>-9<sup>th</sup> EDF, in Mio €):

	Committed	Disbursed
Rural Development/Agriculture	29.3	23.8
Education and Training	41.1	38.0

#### 6.4.1. Results achieved

6.4.1.1. Regarding the focal **Education Sector Programme** (ESP, with an approved EDF contribution of € 21 million), results can be considered positive. The sector policy **commitments** set out in the CSP have either been achieved or are well underway. The MBESC strategic plan has been costed and a strategic plan for MHETEC has been developed. The establishment of the NTA was approved in January 2004, including the setting up of a Training Levy which will eventually fund it. From the appraisal of **sector performance** based on a set of fourteen agreed core indicators most relevant to the intervention framework, progress trends can also be assessed as either good or sufficient. The most striking gains in the sector have been in increasing access to schooling. However, several indicators point to little or no improvement in the quality of education delivered. Over half of the teachers are not qualified and despite heavy financial investment in education no clear improvements in learning outcomes have been registered. A further threat to education quality is the impact of the HIV-AIDS epidemic, which affects the number of teachers, and the need for special educational support for the increasing number of orphans. The indicators on survival rate (SR, to grade 5 and to grade 7) show a clear increase in the efficiency of the education system. The SR to grade 5 increased from 75% in 1992 to 94% in 2001. The literacy rates (both for youths and adults) are clearly lower in rural areas than in urban areas. Both net and gross enrolment rates (GER, NER) are high (NER in primary is over 92 %) and in line with the MDGs and the national target of 94% in 2006. The NER for primary education increased from 81.5% in 1991 to 92.9% in 1999. The adult literacy rate increased from 74.9% in 1990 to 82% in 2000.

6.4.1.2. As regards the planned **Rural Poverty Reduction Programme** (RPRP, with a proposed EDF support of € 53 million), progress in meeting the Government's main policy commitments as set out in the CSP, i.e. the development of a rural policy framework and the setting up of a structure to manage rural development (including land reform), is on schedule. Development of the policy framework has been more complex than was anticipated in the CSP, as addressing rural poverty requires a broader framework than, for example, only looking at agriculture or land sector strategies. However, a policy framework and strategic development plans are now in place, which ensure that the programme is framed around a robust pro-poor framework. Central to monitoring and programme coordination will be the national Poverty Monitoring System (PMS), which is currently being set up. Once the monitoring system of the PRS/PRAP is established (during 2004), a thorough analysis will be carried out to determine the satisfactory level of integration of rural issues in the PRS. Moreover, it will be of primary importance to complement the policy framework with an adequate environmental policy, as currently being prepared in the frame of the "Environmental Management Act" (due to be finalised during the course of 2004), and to provide for Strategic Environmental Assessments (SEAs) at policy and strategy level, in particular for the main areas of intervention (i.e. water, rural transport, land degradation and land reform). This assessment should include the country's decentralisation policy, its land policy and the

availability of budgetary resources for the purchase/expropriation of land, and its (rural) employment policy.

In terms of performance indicators, national poverty indicators will be used. These also relate to the national Poverty Reduction Strategy and action plan, which are currently being reviewed. More detailed indicators and targets will be developed by the Government during 2004 as part of the NDP2, PRS and NNPRAP review exercise, and as part of the RPRP's Programme Estimates. The current core indicators are:

- Rural Poverty ('general') will be measured by utilising the HDI/HPI (for more information refer to the section "Poverty indicator – the HDI" on page 3 above).
- Access to Potable Water in Rural Areas (for more information refer to the section "Progress in Water MDG" on page 4 above).
- Rural Employment: Although the data available for recent years show a high fluctuation in the rate of rural unemployment (30.3, 35.9, 30.8 in 1997, 2000 and 2001 respectively), it appears that the general target of at least stopping any further increase in unemployment (NDP2) is being achieved.
- Land Reform: The number of families resettled is considered in the PEMP to be an important overall core indicator to assess the implementation of Land policies. Although developments in this regard have been irregular over the last ten years and in 2003 there has been a decline in families resettled, the NDP2 (modest) target of resettling 36 families per year has on average been achieved. Another indicator has been selected to provide information on how the Programme addresses the impact of Land Reform on poverty reduction. This is the percentage of family units settled who are self-supporting.
- HIV/AIDS (for more information refer to the section "Progress in Health MDG" on page 4).

Summarising, positive trends can be observed regarding access to water and transport facilities, rural unemployment has stabilised (at a very high level), but the negative trend closely linked to poverty and HIV/AIDS has not yet been halted.

More detailed indicators and targets will be developed in 2004, in the framework of the PRS/PRAP once the PMS is in place. The latter should include disaggregated data (e.g. related to HDI and HPI) to measure both rural poverty and the prevalence of poverty according to gender, plus reviewed and/or complemented targets/indicators of the land reform and actual access to land..

#### **6.4.2. Progress in implementation of current operations**

6.4.2.1. Regarding the **Education Sector Programme** (ESP), significant progress has been made in the move towards a Sector-Wide Approach, while the GRN has started to take a stronger lead in the coordination of sector planning, financing, management and monitoring under the ESP. The preconditions set out in the Financing Agreement for disbursement of the first two tranches of budget support were met and corresponding payments were made.

6.4.2.2. As regards the planned **Rural Poverty Reduction Programme** (RPRP), major attention was given during 2003 to reaching an agreement on the general policy framework for Rural Development in Namibia (drawn from the existing GRN policies) and the finalisation of the Feasibility Study providing the basis for the RPRP; NAO's request and the Financing Proposal were put into the circuit in May 2004, for submission to the EDF Committee scheduled later this year.

#### **6.4.3. Cross-cutting issues**

HIV/AIDS, gender, environment, capacity building and institutional development) have been integrated and supported in all ongoing and upcoming programmes. For example, both focal sectors include institutional strengthening as major components; the Education Sector Programme has established a pooled donor fund for capacity development while institutional support is a critical area of activity under the related 9th EDF HIV/AIDS Response Capacity Development Programme. HIV/AIDS mainstreaming and multi-sector responses have also been strongly embedded in both focal

sectors and gender-specific indicators will be more thoroughly assessed under the ESP and the RPRP as national, regional and local levels of monitoring are stepped up.

#### 6.4.4 The main measures outside the focal sectors of the 9th EDF CSP/NIP are the following:

**Namibia Trade and Regional Integration Programme** (€ 3 million), with the aim of responding to demand from both the public sector and non-State actors for improved skills and knowledge to negotiate international and regional trade agreements, to ensure that the critical content of such negotiations is informed by and transferred to the private sector and to enable the private sector to respond appropriately to the threats and opportunities posed by the changing global environment.

**Namibia's HIV/AIDS Response Capacity Development Programme** (€ 3.2 million), which sets out to strengthen institutional and community capacity and to plan, manage and monitor an expanded, coordinated health and multi-sectoral response to HIV/AIDS. **Capacity Building for Development Planning (CBDP) Programme** (€ 3.2 million), for strengthening central government and NSA development planning capacities. **Technical Cooperation Facility** (€2 million), mainly to provide the required expertise in all stages of the project/programme cycle and development planning.

**Utilisation of resources for non-State actors (NSA):** Namibia's situation as regards NSAs' current involvement in the development process appears to be best qualified as "middle-type" ("type 2"). Some organised NSAs exist but actual participation in government processes is still limited. In an attempt to improve the situation, and with the assistance of the above-mentioned CBDP programme, progress has been made in the development of GRN/Civic Organisations Partnership Policy to create a working partnership that works for the entire country, its citizens and their civic organisations and for the Government.

**Utilisation of the envelope B:** Funds from this envelope have not yet been used, as Namibia has not yet been deemed eligible for the FLEX mechanism. However, as already agreed in the CSP/NIP, € 25 million (i.e. 60 %) of the total funds allocated under this envelope will be committed during the course of 2004 to complement funding of the Rural Poverty Reduction Programme.

#### 6.4.5. Sysmin, budget lines, regional co-operation, EIB

With assistance amounting to €40 million, **Sysmin** has contributed effectively to the stabilisation and subsequent recovery of the mining sector in Namibia. Namibia has also benefited substantially from **EC budget lines** (mainly for the re-integration of ex-combatants from BL "Rehabilitation" and support of actions under the BLs NGO co financing, poverty-related diseases and environment), **EIB**-managed resources and the SADC **regional cooperation** initiatives, where the preparation of a programme to support the improvement of the Walvis Bay Transport Corridor is well advanced as a high priority. Progress has also been made in the adaptation and re-launching of the EC supported Economic Integration Support programme to the SACU (ex-BLNS) institutions and member countries.\

### 6.5. PROGRAMMING PERSPECTIVES FOR THE FUTURE

Namibia takes **EU initiatives/policies** seriously and has participated in and/or benefited from a number of them. In the **social sectors of Education and Health** the EC contribution is 50% of its assistance under the A envelope.

In the **fight against HIV/AIDS and other communicable diseases**, Namibia has recently been allocated US\$ 26 million from the Global Fund for AIDS, TB and malaria for activities covering two years. In addition, GRN and EC have agreed to complementary support through the € 3.2 million Namibia HIV/AIDS Response Capacity Development Programme. In 2003, a major development has been the start of a roll-out of ARV treatment to major hospitals and clinics in the country. It can be hoped that the provision of treatment will have a positive impact on the declining levels of productivity due to HIV/AIDS. In terms of institutional response, GRN has commenced in 2003 the development of a third Medium Term Plan (MTP3) which will strengthen the emphasis on multi-sector response, institutional development as well as local and community responses to HIV/AIDS. In addition, a national HIV/AIDS policy is being finalised and many of the other policy and strategy elements are in place or being developed (HIV Charter of Rights, National Labour Code, National Policy on Orphans

and Vulnerable Children). The Ministry of Health and Social Services has recently been mandated by the Head of State to manage the overall HIV/AIDS response and the new Directorate for Special Programmes has been established for this purpose.

Namibia is ready to benefit from the **water and energy initiatives**. Namibia is actively preparing for participation in the EPA negotiations within the context of SADC and the CSP responds to the need to bring **trade** closer to development.

**Two new possible EC measures**, which tie in with the current CSP, have been identified and could be submitted for approval during the course of the next few months, provided that additional resources could be made available under the A envelope: (1) Public Finance Management Support Programme (PFMSP, € 8.0 million), in support and linked to Education Budget Support of the current strategy and also in support of possible future EC Budget support (EDF 10); (2) Further increased support for Non-State Actors ( € 2 million). The PFMSP fits in well with GRN's reform agenda and development cooperation strategies – i.e. move towards sectoral approaches and budget support as the preferred form of assistance to Namibia. GRN institutions can no longer expect an increase in their resource envelope and have embarked of increasing the efficiency of public service delivery, including financial management. An improved PFM will establish the necessary conditions for budget support and will ensure absorptive capacity and wider monitoring. Such progress will augur well for continued donor support, especially under EDF 10. Further assistance to NSAs should focus on direct capacity building support to civil society to reinforce public dialogue, public awareness and knowledge. Whether this assistance should be best provided by establishing a new (stand-alone) intervention or through any further expansion of the NSA component of the current EC supported "Capacity Building for Development Planning" programme could be further assessed on the occasion of the up-coming mid-term review of this programme.

**No revision of the strategy is required as the rationale and considerations which led to the choice of the focal sectors agreed in the CSP remain highly relevant** and the two newly identified priority measures tie in with the current CSP.

## 6.6. PERFORMANCE APPRAISAL

### Criteria I: Country's Financial Performance

<b>I. EDF</b>	
• Calculated number of years to complete commitments: <sup>7</sup>	3.56 years
• Calculated number of years to complete EDF assigned Funds: <sup>8</sup> years	3.11
• Calculated number of years to complete EDF payments: <sup>9</sup> years	7.34
• Level of utilisation of the 9th EDF (A-envelope + transfers - €51.1m ) (Ass. Funds: 35.87 %; Payments: 0.07 %)	42.04%
• Level of utilisation of Env. B (€41.6m, including € 25m SYSMIN Funds - 60.1 % of global B allocation - to be used to complement support to the focal rural sector in 2004)	0.00 %
<b>II. Community Budget Lines (2000-2003)</b>	
Commitments: €100 000 - Contracted: 95.0 % - Payments: 76.0 %.	

Namibia has positive EDF implementation records. A comparison of the implementation performance of EC assistance between 2002 and 2003 clearly shows a noticeable trend in the country's increasing absorption capacity. In **2002** the number of years (5-year average) to complete EDF commitment was **5.2**, as against **3.56** in **2003**, an improvement of **32%**. The number of years to complete EDF assigned funds was **7.6** in **2002**, as against **3.11** in **2003**, an improvement of 59%. The number of years to complete EDF payments was **9.1** in **2002**, as against **7.34** in **2003**, an improvement of 19%. The revised programming of the 9th EDF (pipeline of projects) shows that by end 2004 100 % of the A envelope, plus transfers from previous EDFs, and 60% of the B envelope will be committed. The anticipated global commitments in 2004 (€ 65.0 million) will thus reach treble the level achieved in 2003. Moreover, this good performance will be further improved under the EDF 9 CSP/NIP by the disbursement of the major share of the EC's sectoral support to "Education" through the Namibia budget. Anticipated disbursements in 2004 (€ 19.0 million) will be double the disbursements made in 2003.

## Criteria II: Country's sectoral performance

### Education and Training

Assessment of Gvt's sector policy commitments as set out in the CSP/NIP		On schedule/good	Roughly on schedule/sufficient	Delayed/in-sufficient
Education Ministries's strategic plans established + costed		X		
Establishment of Namibian Training Authority and Training Levy set up		X		
Assessment of sector performance achievements				
Financial Input		X		
Output	Efficiency		X	
	Quality	X		
	Equity		X (but insufficient data)	
Outcomes	Access	X		
	Learning Outcomes		X	

Overall, Namibia is progressing well in education and is on track to reach the MDGs in education. Strong political and financial inputs, ongoing educational reform and the decentralisation process, efficient implementation of external aid through a sector-wide programme and non-targeted budget support and a move toward outcome-based budgeting all amount to significant progress in this focal sector. However, in the context of the policy dialogue with the Government of Namibia and particularly in the 2004 Sector Review, the EC intends to raise the key policy issue of targeting the equity deficiency, including equity in the distribution of financial and human (i.e. qualified teachers) resources to education. Furthermore, several challenges remain, in particular increasing poverty focus on rural areas and disadvantaged groups, increasing the quality of educational delivery and improving the relevance of vocational training and post-primary education to labour market demands. In terms of financial inputs, over the last five years the GRN has allocated a substantial amount of the total government expenditure on education (over 20%). This financial input is in line with the target set for 2006 (20.6%). In the 1990s, education expenditure accounted for as much as 25% of total Government expenditure, but in the last three years this indicator has stabilised at a more sustainable level. From the appraisal of sector performance based on a set of agreed core indicators referring essentially to "System delivery" (quality, efficiency, equity) and "Outcomes" (access, learning outcomes), progress trends can generally be assessed as being either good or sufficient.

## Rural poverty reduction

Assessment of Gvt's sector policy commitments as set out in the CSP/NIP	On schedule/good	Roughly on schedule/sufficient	Delayed/in-sufficient
Development of a rural policy framework		X	
Establishment of structure to manage rural development		X	
Assessment of sector performance achievements			
Access to rural water and transport facilities	X		
Other Performance Indicators		X (but unreliable data)	

Development of the policy framework has been more complex than anticipated in the CSP, but progress has been made, for example, through an EC-funded comprehensive feasibility study. In the design of the programme, the Government has made concrete proposals for embedding the management structure for rural development within the NPC, which has overall responsibility for the NPRAP. Concerning sector performance achievements, positive trends can be observed regarding access to water and transport. The assessment of other agreed indicators (including land reform) shows either mixed results or cannot be meaningfully carried out yet because of lack of data.

Once the PRS/PRAP currently under review has been finalised (during 2004), a thorough analysis will be carried out to ascertain the satisfactory level of integration of rural issues in the PRS. Similarly, more detailed indicators and targets will be developed in 2004, in the framework of the PRS/PRAP and once the National Poverty Monitoring System is in place. The latter should include disaggregated data (e.g. relating to HDI and HPI) to measure rural poverty and the prevalence of poverty according to gender, plus reviewed and/or complemented targets/indicators of the land reform and actual access to land. The assessment of the policy framework should be further deepened and explicitly include the country's decentralisation policy, its land policy and the availability of budgetary resources for the purchase/expropriation of land, and its (rural) employment policy.

### 'Special Considerations'

14 years after independence Namibia continues to be among the countries in the world that allocate the most to the social sectors. However, tremendous challenges remain since Namibia has one of the highest Gini coefficients recorded in the world (0.67), affecting the overall development prospects of the country. The **HIV/AIDS epidemic** represents the single most important threat to public health, with consequences to the country's capacity to reduce poverty and achieve the related **MDGs**. - In terms of institutional response, in 2003 GRN launched the development of a third Medium Term Plan (MTP3), which will strengthen the emphasis on a multi-sector response, institutional development and local and community responses to HIV/AIDS. In addition, a national HIV/AIDS policy is being finalised and many of the other policy and strategy elements are in place or being developed (HIV Charter of Rights, National Labour Code, National Policy on Orphans and Vulnerable Children).

Overall, it can be concluded that Namibia has undergone a **positive trend towards reaching the MDGs in the education and water sectors**. The health indicators show less positive trends: both maternal mortality and vaccination coverage have deteriorated, and an expected resumption of progress on vaccination is unlikely to bring levels up to regional norms. But the dominant feature of Namibia's health scene is its HIV/AIDS pandemic, where, despite the considerable efforts made, infection levels have yet to stabilise. There is an urgent need to improve performance and measurement systems and to encourage a shift from activity-based monitoring to outcome-based monitoring. The PEMP linked to the overall MTEF and the establishment in NPC of the poverty reduction unit are important steps in this direction. Moreover, the very positive trend in Namibia's actual implementation performance of EC assistance, with expected further strong improvement of its absorptive capacity (anticipated global commitments in 2004 will be triple those made in 2003), should be taken into account.

### Commission position on a possible revision of the country financial allocation

Namibia has demonstrated satisfactory absorptive capacity of EC assistance, with anticipated further substantial improvement (pipeline) during the course of 2004/05, as well as a global positive performance of the strategy chosen for supporting the Government's programme.

**In the light of the above analysis and taking into account the special considerations, it is proposed that:**

- ✓ **the country strategy for Namibia, as contained in the CSP and NIP, should be maintained;**
- ✓ **the funds available under the envelope A be increased by €18.3 million, mainly in the focal sector of Education and Training, to cover, with an additional amount of € 14.0 million, programmed EC interventions already approved in this sector and the funding of the newly identified "Public Finance Management Support Programme" in support of and linked to ongoing Education Budget Support and possibly other Budget support of the current strategy and also in support of possible future EC budget support (EDF 10). The remaining amount of €4.3million (in addition to remaining balances under previous EDFs) will allow activities outside the focal sectors (trade and regional integration, capacity building, TCF and reinforced support for capacity building among NSAs.) to be covered**  
Such an increase can only be envisaged **within the limits of available resources;**

- ✓ **the funds available under the envelope B be decreased by €15.30 million;**
- ✓ **this proposal should include a transfer of € 15.30 million from envelope B to A. Thus, taking into account that the € 25 million "8th EDF Sysmin facility" included in the B envelope will be used, in accordance with the provisions of the CSP/NIP, to complement support for the focal area of Rural Development (RPRP), the proposal will lead to a total increase of the envelope A of €43.3 million and a total decrease of the envelope B of €40.3 million.**

## **ANNEX I: NAMIBIA TRADE PROFILE**

### **1) Institutional framework**

As a member of the Southern African Customs Union (SACU), Namibia's trade policy instruments are mostly set at the regional level. The Ministry of Trade and Industry retains primary responsibility for formulating and implementing trade and industry policies, especially in areas not covered by the SACU Agreement. Within the Ministry, foreign trade policy, including multilateral, regional, and bilateral trade relations, is handled by the Directorate of International Trade. Other institutions that have important inputs into trade-related policies include the Ministries of Finance (budget, expenditure/revenue measures, including tariff policy); Mines and Energy; Fisheries and Marine Resources; Agriculture, Water and Rural Development; Environment and Tourism; Works, Transport and Communication; and Foreign Affairs, Information and Broadcasting; as well as the National Planning Commission of the Office of the President (development plans), and the Bank of Namibia (the Central Bank).

The Government of Namibia has taken a number of initiatives to address supply-side constraints. Namibia has an enabling infrastructure for trade promotion. It has a good road infrastructure linking it to its neighbours Angola, Botswana, South Africa, Zambia, and Zimbabwe. The Trans-Kalahari and the Trans-Caprivi Highways provide a good link to Namibia's main port of Walvis Bay. This is a key corridor for commercial traffic to and from Namibia and other landlocked countries. In addition to transport development, the Government has invested heavily in upgrading telecommunications, including mobile services.

### **2) Trade policy**

Namibia has been particularly active in the regional integration processes, particularly under SACU and SADC frameworks. The SACU Member States agreed that the SACU Secretariat should be established in Windhoek and the Chief Executive Officer has been appointed. Namibia together with the other SACU Member States has been involved in Free trade negotiations with the United States, EFTA, MERCOSUR, India, China and Kenya. A critical political decision in 2003, was Namibia's notification to COMESA of its decisions to withdraw its membership from the regional organisation.

Namibia's trade policy is heavily influenced by its WTO membership, to which it attaches great importance. It is committed to a liberal trade regime and it is in favour of the liberalization of world trade, including in agricultural products.<sup>10</sup>

With regards to the EPA negotiations with the EU, there have been several forum to debate how Namibia would position itself in the negotiations. NSAs in particular have been active in launching the debate on future trade relations with the EU. With the support of the Standing Committee of Economics of the Namibian Parliament, a local economic research institute (NEPRU) and small amounts of funding from European based NGOs, initiatives have been taken to hold hearings on issues in future Namibia-EU Trade relations, which brought together a range of Government departments and Non-State Actors.

Further to the SADC Trade Ministerial on 21 November, Namibia is one of the seven SADC countries (BLNS, Tanzania and Angola) that are speeding up preparations and would like to launch EPA negotiations early in 2004.

Two particular trade arrangements which have been of particular benefit is preferential access to:

(1) The EU market under the Cotonou Agreement, subject to meeting certain rules of origin (cumulation of origin with South Africa has been permitted since 2003) Exports of canned and fresh fish as well as other goods such as hides, skins and leather products, are quota and duty free. Beef exports are subject to an annual quota of 13,000 tonnes, dutiable at a reduced tariff equal to 8% of the specific element of the EU's composite duty. Namibia also exports seedless grapes and utilises the full annual preferential quota for ACP countries of 900 tonnes.

Namibia has pursued in 2003 its policy to broaden duty free access to EU markets for other Namibian agriculture products which meet EU SPS standards. It has also been concerned of distortions from the CAP impacting upon domestic and regional markets for Namibian agricultural products.

(2) The United States market through the so called AGOA II – the USA has granted to Namibia "lesser developed country status", despite its relatively high GNP, thereby allowing producers to use

third-country fabric in qualifying clothing exports (so-called AGOA II). According to GRN, AGOA has generated substantial investment in Namibian textiles and clothing industries, and exports to the United States have increased steadily.

### **3) Trade performance (assessment of trade flows)**

The Namibian economy is characterised by its heavy dependence on mineral and other primary sector exports such as agricultural and fishery products as well as tourism-related services. Despite serious attempts to address the structural imbalances in the economy over the last decade, primary sectors of mining, fisheries and agriculture have maintained their dominance as major contributors to the GDP, employment, foreign earnings and government tax revenues.

Mining, especially diamonds, dominates exports; they accounted for 55% and 41% in 2001 respectively, about the same as 1997 levels (see Table below). Other exports include mainly fish, live animals, and meat, beverages and other foodstuffs. Exports are also heavily concentrated geographically towards South Africa and Europe, the destinations for most diamond exports.

**Table: Exports by major commodity and destination, 1997 and 2001**

(US\$ million and per cent)

Commodity/destination	1997		2001	
	Value	Share	Value	Share
<b>Commodity</b>				
Mining	760.4	55.5	552.8	55.3
Diamonds	554.4	40.4	413.5	41.4
Metal ores, including uranium	201.1	14.7	133.0	13.3
Other	4.9	0.4	6.3	0.6
Live animals and animal products	69.3	5.1	40.0	4.0
Fish and fish products	2.9	0.2	5.3	0.5
Manufactured products	537.5	39.2	401.3	40.2
Meat, meat preparations, hides & skins	91.1	6.6	44.3	4.4
Prepared and preserved fish	308.2	22.5	245.0	24.5
Beverages and other food products	70.9	5.2	68.3	6.8
Copper	43.1	3.1	19.9	2.0
Other	24.2	1.8	23.8	2.4
<b>TOTAL</b>	<b>1,370.1</b>	<b>100.0</b>	<b>999.4</b>	<b>100.0</b>
<b>Destination</b>				
SACU	561.3	41.0	313.4	31.4
South Africa	520.3	38.0	308.5	30.9
Other Africa	84.7	6.2	71.7	7.1
Angola	67.7	4.9	58.5	5.9
Zimbabwe	8.0	0.6	3.1	0.3
Europe	559.0	40.8	550.9	55.1
United Kingdom	221.1	16.1	352.5	35.3
Switzerland	134.3	9.9	0.3	-
Spain	103.7	..	131.2	13.1
USA	61.1	4.5	29.5	3.0
Other	104.0	7.5	33.9	3.4
<b>TOTAL</b>	<b>1,370.1</b>	<b>100.0</b>	<b>999.4</b>	<b>100.0</b>

Source: Central Bureau of Statistics and National Planning Commission (2002), *National Accounts 1993-2001*, October, p.27; and the Namibian authorities.

Imports consist primarily of machinery, including electrical equipment, transport equipment, including vehicles, chemicals, fuels, food and beverages, and metals. Imports are mainly (90%) from South Africa. Namibia's trade (exports and imports) with SACU members, other than South Africa, is relatively minor.

**Table: Imports by commodity and source, 1997 and 2001**

(US\$ million and per cent)

Commodity/source	1997		2001	
	Value (c.i.f.)	Share	Value (c.i.f.)	Share
<b>Commodity</b>				
Ores and minerals	40.0	2.2	26.2	2.0
Food, live animals, beverages and tobacco	363.6	20.3	170.0	12.9
Wool, paper and paper products, furniture	158.7	8.8	97.6	7.4
Textiles, clothing and footwear	134.4	7.5	71.5	5.4
Chemicals, plastics, medical and rubber	222.9	12.4	203.0	15.4
Fuels and lubricants	146.9	8.2	173.2	13.1
Metal and metal products	136.0	7.6	97.5	7.4
Non-metallic mineral products	48.9	2.7	36.1	2.7
Machinery and electrical equipment	295.8	16.5	247.0	18.7
Vehicles and transport equipment	239.7	13.4	195.1	14.8
Other	8.0	0.4	2.9	0.2
<b>Total</b>	<b>1,794.9</b>	<b>100.0</b>	<b>1,320.1</b>	<b>100.0</b>
<b>Source</b>				
SACU	1,435.9	80.0	1,140.3	86.4
South Africa	1,433.4	79.9	1,138.3	86.2
Other Africa	22.4	1.2	7.9	0.6
Zimbabwe	12.5	0.7	4.7	0.4
Europe	107.6	6.0	90.6	6.9
Germany	37.9	2.1	26.1	2.0
USA	22.2	1.2	11.9	0.9
China	5.7	0.3	14.4	1.1
Russian Federation	15.1	0.8	2.2	0.2
Japan	3.4	0.2	2.4	0.2
Chile	21.3	1.2	-	-
Other	161.3	9.1	50.4	3.7
<b>Total</b>	<b>1,794.9</b>	<b>100.0</b>	<b>1,320.1</b>	<b>100.0</b>

- *Negligible.*

Source: Central Bureau of Statistics and National Planning Commission (2002), National Accounts 1993-2001, October, p. 29; and the Namibian authorities.

Apart from SACU tariffs, the country applies very few trade restrictions. The degree of openness of the Namibian economy is evident from its high import/GDP and export/GDP ratios, the latest (year 2001) being 59% and 40% respectively. This high degree of openness together with a lack of diversification of economic activities explains why the Namibian economy is very sensitive to external disturbances.

The country's merchandise trade balance has deteriorated further by about 22%, from N\$1.56 billion deficit in 2001 to N\$1.90 billion deficit during 2002, indicating a high growth in Namibian imports combined with a relatively low growth in exports over the last two years.

This increase could in part be explained by the depreciation of the Namibian Dollar against the US Dollar and other major currencies during 2000 and 2001. This deficit has however been more than offset by a surplus on income balance and other transfers (including receipts and transfer debits from SACU) to yield a Current Account surplus of N\$1.64 billion, representing an increase from 3.6% in 2001 to 5.3% in 2002 in relation to GDP.

As mentioned earlier Namibia's foreign trade is characterised by its heavy dependence on exports of primary sector products.

Furthermore, the Namibian economy is renowned for its openness due to its high import/GDP and export/GDP ratios, which reached 59% and 40% respectively for the year 2001. This indicates the degree to which Namibia is dependent on foreign trade, and an illustration of the extent of its vulnerability to economic developments outside its national frontiers.

#### **4) EC Response to Namibia's trade agenda**

In 2003/04 the EC has engaged in an awareness and information campaign with Namibian Governmental and NSAs on the opportunities provided by both the regional and the multilateral agenda.

To support Namibia in the process of greater trade liberalisation, two specific programmes should commence in 2004, the Namibia Trade and Regional Integration Programme (see Annex IV) and the Economic Integration Support Programme in Support of SACU (Annex IV).

Furthermore, the EDF supported Namibia Agriculture Services Support Programme (NASSP) is expanding Agricultural marketing and Namibia's capacities in agricultural trade negotiations including the assistance to farm organisations capable to enhance public private dialogue in this area.

The focus on both rural access roads (multisectoral intervention) under the EDF 9 Rural Development Programme and the support to major transport corridors such as the Walvis Bay Corridor (multi-modal interventions) should reduce transport and trade facilitation costs and hence support the regional integration process.

## **ANNEX II: NAMIBIA SUMMARY ENVIRONMENTAL PROFILE**

### **Environment and the CSP**

Whereas Environment is not singled out in the EC response strategy of the Country Strategy Paper, the promotion of economic growth while ensuring equitable and sustainable utilisation of renewable and non-renewable natural resources is recognised as a major challenge and is embedded within the Rural Poverty Support Programme.

The policy framework for environmental issues is the Environmental Management Act which is currently under preparation and due to be finalised in mid-2004. This act will regulate Environmental Impact that currently are categorised according to parameters established by the Ministry of Environment and Tourism.

### **Institutional framework**

The Directorate of Environmental Affairs (DEA) is one of four directorates under the (MET) mandated to cover issues pertaining to the environment. The Directorate manages a number of cross-cutting programmes which address priority environmental issues and challenges. Its mission, in line with Ministry's, is to promote environmental protection, environmental planning and environmental coordination to support the sustainable and equitable use of natural resources and national development, and to protect the environment and human welfare from unsustainable, unhealthy and inappropriate practices.

The ministry and its different operational units have sufficient resources in terms of staff and equipment, but have suffered budgetary constraints on the development budget which has affected programme implementation.

Even though the capacities and strengths of NGO are, in general, not very developed, there are several strong NGOs working on environmental issues. Civil society organisations are mostly involved in advocacy, community service provision and mobilisation) and their role is recognised by the Ministry.

### **Political and legal framework**

There are specific chapters on the environment in both NDP2 and Vision 2030. Since 1995, the existing environmental legal framework is being reviewed and the following provide for Namibia's legislative framework:

- Environmental Management Act
- Parks and Wildlife Management Act
- Pollution Control and Waste Management Act
- Biosafety Act
- Access to Biological Resources and Associated Traditional Knowledge Act

Although the Ministry has taken several bold and progressive steps to address environmental issues in Namibia, a lot still needs to be done, particularly in the area of updating legislation to enable effective law enforcement.

### **International agreements**

Namibia is signatory to several international treaties and conventions and is determined to fully apply them. These treaties are:

- The Ramsar Convention on Wetlands
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal
- United Nations Framework Convention on Climate Change
- Convention on Biological Diversity
- United Nations Convention to Combat Desertification
- Convention on International Trade in Endangered Species of Wild Fauna and Flora

### **Information systems**

Whereas a full Country Environmental profile is not available, there are a series of disparate documents that provide a comprehensive information base (physical environment, biodiversity, ecology, socio-economic implications, policy and legislation, institutional framework). The MET is currently working on elaborating an "Integrated State of the Environment Report" that will provide a quick reference for updated information on environmental issues in Namibia. Some chapters are already available even on the website of the DEA (<http://www.dea.met.gov.na/>) and show the efforts made to link environmental matters with economic growth and social development. When released, the report will provide relevant, updated and reliable information on trends and forecasts.

At the same time, there has been progress in developing performance measure systems. An Environmental Monitoring and Indicators Network (EMIN) has been created and a set of Core Environmental Indicators (CEI) is being agreed upon with ample consultations with relevant stakeholders.

### **Key environmental issues**

As regards the main physical environmental issues and trends concerning Namibia, the following must be pointed out:

#### *Degradation of ecosystems, desertification, loss of productivity*

Desertification is defined as land degradation in arid, semi-arid and dry sub-humid areas resulting from various factors, including climatic variations and human activities. Bush encroachment, deforestation, overgrazing, soil erosion, salination and deterioration of rangelands contribute to the desertification of Namibia. There is no doubt that land degradation is of concern in Namibia. It is usually reflected in terms of overcrowding, bad land management, overgrazing and soil erosion. Pastoralists, in particular, have been frequently blamed for overgrazing and causing extensive desertification, and small-scale farmers have been blamed for soil erosion. In Namibia, land degradation is often the result of issues such as poverty (poor people often have little choice but to use the land sub-optimally in order to survive) and unfair land allocation (such as the forcing, in the colonial time, of people into communal areas, where overcrowding leads to misuse of the land, erosion and falling soil fertility, and the disruption of traditional land management systems). The first priority must be the rigorous analysis of the nature and extent of the land degradation problem.

#### *Decline of water availability*

Decline of freshwater reserves are due to irregular or reduced rainfall, increased evaporation or increased usage of the resource base. Water is the most critical of all resources in Namibia. To reduce vulnerability to water shortages, the Government has been considering undertaking massive water supply schemes to transport water from rivers in the north to the central region, particularly to the capital city Windhoek. However, the impacts of these schemes needs to be carefully weighed. Namibia, together with other SADC countries, has been engaged in dialogue on sound water allocation and water sharing agreements (e.g. the SADC Protocol on Shared Watercourse Systems and Zambezi River Action Plan).

#### *Detrimental change of biodiversity*

Loss of biodiversity implies the reduction in plant and animal abundance, intra specific genetic material and biotope diversity due to land use and other human activities. Namibia is renowned for its protected areas and wildlife, especially its large mammals (which form the basis of much tourism). But Namibia's biodiversity is under pressure from poaching, expanding agriculture and pollution. The efforts of sustainable wildlife resource management have often been thwarted by ineffective, outdated legislation. However, in the past eight years, innovative wildlife management strategies have been pioneered by the Ministry, such as Local Community Forestry Projects (LCFP) and communal-area conservancies, which aim to fully involve local communities in the management of natural resources.

#### *Decline of water quality*

Decline of the usability of water due to: salinisation, eutrophication or ecotoxicological effect. Salinisation means increased concentrations of salts in water. Eutrophication means the increase in production by phytoplankton and other chlorophyll containing plants due to nutrient loading in lakes,

rivers and coastal waters caused by human activities. Ecotoxicological effect means the impact of hazardous substances caused by people on the natural environment.

#### Pollution, incl. toxic chemicals and Waste generation

Pollution monitoring is being strengthened in Namibia. GRN initiated a pollution control and waste management programme to stem the tide of uncontrolled pollution and waste disposal. Solid and domestic wastes are the most prevalent type of pollution in Namibia. Air pollution is a less serious problem than in many other countries, although it is becoming a significant local problem with health implications for urban dwellers.

#### Greenhouse effect

Namibia, as one of Africa's driest countries, is extremely vulnerable to climate change. Information concerning the potential impact of global warming on Namibia and how it might be mitigated is based on sketchy data so far. However, models predict that Namibia, together with most of the rest of the SADC Region, will become more arid than at present and that mean temperatures will rise exacerbating environmental problems, particularly the availability of water. The impacts are likely to include vegetation changes, biodiversity loss, and accelerated bush encroachment in rangelands leading to small stock increasingly replacing cattle.

With regards to other issues and threats relevant to the Namibian reality, the following must also be mentioned:

#### Poorly planned development and rapid industrialisation

The mining, marine fisheries, tourism and agricultural sectors currently drive the economy. Strong growth within these sectors, if not carefully managed, may mean threats of over-exploitation of these non-renewable resources. Failing to diversify the economy may hinder development of the country in the long term.

#### Land issues

The lack of appropriate land tenure schemes threatens sustainable development because it does not provide incentives for people to care for the land and invest in its improvement and protection. In Namibia the uneven distribution of land is one of the key political issues under continuous debate.

### **Broad environmental indicators and their impact on the economy**

The most relevant identified trends related to key socio-economic sectors are the following:

#### Fisheries

The causes and consequences of declining fisheries and marine environment degradation can be summarized as follows:

- Variable environmental conditions: global atmospheric changes (such as global warming and El Niño process) cause variations in marine life that affect natural balances.
- Poor management and over-exploitation of fish stocks: lack of adequate technical and financial capacity, disagreements concerning stocks fluctuations, and other issues lead to mismanagement of the resources.
- Coastal degradation: Although coastal degradation is currently limited in Namibia, it is likely to increase due to the rapid growth of urbanisation and pollution.
- Wastage and post harvest discards: up to 33% of the global catch is discarded, for being non-commercial species or wrong sizes.

Owing to the continued fragility of fish stocks, the Ministry of Fisheries and Marine Resources confirmed in March 2003 that no new applications for long-term fishing rights would be accepted in 2003. GRN is aware of the vulnerability of this important resource and that is the reason for the efforts made in the MCS Fisheries Regional Programme to provide an adequate Monitoring, Control and Surveillance System to Namibia and other countries in the region.

#### Mining

Currently there are 16 active mines in Namibia and 40 abandoned, un-rehabilitated ones, of which 40% are in Nature Reserves. In some cases these remnants are regarded as tourist attractions, but in others they have resulted in significant environmental threats. In accordance with the Mining Act and the Environmental Assessment Policy, Environmental Assessments (EA) are now the standard procedures for prospecting and mining. Mines are also under pressure to comply with International Standards Organisation (ISO) requirements. The application of EA to the flourishing small mining sector remains a challenge. In spite of rising costs, uncertain prices and variable labour relations, mining is likely to maintain its significant contribution (estimated at 14.3% to GDP in 2003) towards Namibia's socio-economic development over the next decades.

### Water

Namibia is classified, according to the Department of Water Affairs (DWA) of the MAWRD, with a Water Scarcity Index of 314m<sup>3</sup>/person/annum, which places it as "Absolute"<sup>11</sup> "in terms of Level of Scarcity. Obviously this Index does not take into account population density and distribution, but it provides an indication of the availability of fresh water in the country. The reasons are low rainfall, growing demand and poor land management. As a consequence, GRN is making efforts and currently, 87% of all households in Namibia have access to safe water.

Recent estimates from the DWA show that in 2000, 45% of the water consumed was being used for irrigation, 24% for domestic consumers (and urban industries), 26% by livestock and 5% by mines, rural dwellers, wildlife and tourism. Although agriculture accounts for over 70% of the water used, it contributes little more than 10% to GDP. The value added to the water used for agriculture is very low (7.2N\$/m<sup>3</sup>) when compared to that used for manufacturing (272 N\$/m<sup>3</sup>) or tourism (574 N\$/m<sup>3</sup>). This provides for an indication for the need for diversification in the use of water.

### Biodiversity

Only a small number (20%) of Namibia's wildlife species have been described to date. And out of the described ones, almost 19% are endemic. This provides a view of a very unique biodiversity. The loss, fragmentation and conversion of natural habitats as a result of desertification, agriculture and urban expansion threaten this privileged condition. Namibia's national parks and reserves network, which account for 14% of the total land of the country, were not designed for biodiversity conservation. Thus, for example, only 9 out of the 14 vegetation types described are incorporated in protected areas; and a number of biomes are currently unprotected. In addition to the NP and reserves network, an additional 38,500 Km<sup>2</sup> (14 conservancies) have been granted some conservation status through the Communal Area Conservancy Programme, which at the same time provides income opportunities to communities in rural areas while involving them in the conservation processes.

### Annex III: Education intervention framework

#### Sector Performance Indicators and Targets

Type	Indicator	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Actual/estim. 2003	Target 2006	Prov. grade	Final grade
Input	Education spending as % TGE	24.0%	23.5%	21.3%	21.0%	21.0%	20.6% <sup>12</sup>	Suff.	
	Non personnel share of total recurrent spending	11.9%	13.8%	14.6%	13.3%		15%		
	Learner-teacher ratio <sup>13</sup>								
	total	29.0	29.1	29.2	29.0	30.6		Suff.	Suff.
	primary	31.4	31.5	31.5	31.0	n/a	35 <sup>14</sup>		
secondary	23.6	24.0	24.3	24.7	n/a	30			
	% schools with HIV-AIDS counselling support group	10.7%	15.2%	19.4%	37.9%	56%	100%	Suff.	Suff.
Output	Qualified primary teachers								
	total	29.4%	36.1%	41.1%	45.1%	n/a	60%	Suff.	Insuff.
	male	27.1%	34.9%	40.7%	45.1%				
	female	30.5%	36.7%	41.2%	45.1%				
	% JSC candidates achieving:								
	23 points		45.12%	46.04%	45.38%	44.28%	50%	Insuff.	Insuff.
27 points		25.50%	27.07%	27.04%	26.56%	30%			
	IGCSE pass rate at Grade C or above in all subjects	18.75%	19.78%	19.45%	19.40%	20.15%	24%	Suff.	Suff.
	Ungraded IGCSE results (English, Mathematics, Biology and Physical Science)	13.9%	15.0%	16%	14.6%	12.4%	8%	Suff.	Suff.
	Pass rate at VTCs <sup>15</sup>								
	Level 2	41%	N/A	48.9%	49.2%	53.3%		Suff	Suff.
	Level 4			61.1%	60.6%	51.7%	65%		
Outcome	Net enrolment ratio (%)								
	Primary G1-G7	92.9	91.3	92.0 <sup>16</sup>	93.7	94	94	Good	Good
	Secondary G8-G12	41.3	45.4	44.6	48.2	n/a	55		
	Gross enrolment ratio (%)								
	Primary G1-G7	123.4	119.4	118.1	118.5	n/a	105	Good	Good
	Secondary G8-G12	61.0	64.1	63.7	66.1	n/a	70		
	Survival rate to Primary G7								
	total	82%	82%	85%	86%	n/a	89	Good	Good
	male	80%	79%	81%	n/a	n/a	87		
	female	84%	86%	88%	n/a	n/a	91		
Literacy rate of 15-24 yr olds <sup>17</sup>									
Total	n/a	n/a	89.5%	n/a	n/a	n/a	Good	Good	
Female			91.7%						
Male			87.3%						
Urban			93.5%						
Rural			87.5%						
Adult literacy rate (over 15)									
Total	n/a	n/a	81.3%	n/a	n/a	84%	Suff.	Suff.	
Urban			90.7%						
Rural			75.6%						

## **ANNEX IV: PROGRESS IN OTHER PROGRAMMES**

### ***EDF 9 Projects and Programmes outside focal sectors***

*9ACP NAM08 Namibia Trade and Regional Integration Programme (NTRIP)*

*Expected start-up date: September 2004*

*Total budget: EUR 3 million from EDF 9*

#### **a) Background**

Trade development, especially the focus on regional integration, is high on the policy agenda of Namibia as shown in the Vision 2030 and in the National Development Plan 2 "one of the main challenges facing Namibia is to develop the capacity that will enable it to make effective contribution to the agenda of regional integration".

The programme was premised on the concept of going beyond an *ad hoc* approach to Trade related Assistance (TRA) and to establishing a comprehensive demand led approach to trade and regional integration activities.

In order to support such a capacity-strengthening programme, a feasibility study was commissioned in June-August 2003 which engaged in broad consultations with Namibian stakeholders and included programme design and logical framework workshops.

#### **b) Results**

The purpose of this programme is to respond to demand from both the public sector and non state actors for improved skills and knowledge to negotiate international and regional trade agreements, to ensure that the critical content of such negotiations is informed by and transferred to the private sector and to enable the private sector to respond appropriately to the threats and opportunities posed by the changing global environment.

The programme should achieve four complementary outputs:

- a) Improved institutional, technical and managerial capacity of Namibian public and NSAs to participate actively and successfully in multilateral trade and regional integration negotiations;
- b) Enhanced institutional capacity to analyse the effects of various trade agreements on domestic economic sectors – ensuring that opportunities are seized and threats are mitigated;
- c) Improved information and more effective consultations among stakeholders on existing and potential export markets and Namibian export products as well as imports provided on a regular, comprehensive and systematic basis; and
- d) Enhanced capacity of exporters to identify and develop products that match international markets' opportunities.

#### **c) Activities**

The programme will be flexible and responsive to institutional capacity building needs through training awareness campaigns, research and support activities to strengthen trade negotiations and improve market access.

The inputs will be in the form of international, regional and national technical support, both long and short term, trade promotion missions, workshops, research and publication costs to a total cost of Euro 3 million. The programme will be implemented over three years with support of a coordinating unit and will be monitored by a multi-stakeholder steering committee. The main target group will be senior decision-makers and managers in Government and Non-State agencies and the export oriented private sector.

The international restricted tenders have been launched by AIDCO in March 2004.

#### **d) Crosscutting issues**

The programme will have only indirect implications on gender and environmental issues, to the extent that programme activities result in the increase of the capacities of economic actors to expand their operations. In this context, it will be essential for those involved in designing and implementing project

activities to build in gender mainstreaming sensitivities as well as environmentally sustainable trade development strategies and operations. It will hence be critical to monitor the impact of trade strategies on environment and social balances and gender will be an issue in the selection of training activities.

### **Other Trade and Regional integration Programmes**

Other EC programmes that could be inter-related to NTRIP are the EURO 6 million for the BLNS countries, mainly for the support of SACU and to be implemented from Windhoek.

TRADE.COM, the all-ACP € 50 million trade related Capacity Building Facility, will put in place a network of regional and national trade advisors (“Hub and Spokes programme”) to reinforce the capacity of ACP Governments to deal with trade issues. The Facility will also promote local capacity for specialised trade research and training. Other all-ACP Facilities provide funding for general Economic Partnership Agreements (EPA) impact assessments (€ 20 million Facility for the EPA preparation) and specialised training in WTO issues (€ 10 Million Facility for Capacity Building in Multilateral Negotiations). NTRIP will build on the achievements of these all-ACP Funds to carry out sectoral analyses and specific training. Special attention will be given during the implementation to the creation of other structures through regional programme structures to co-ordinate trade and regional integration questions.

#### *9ACP NAM09 Namibia HIV/AIDS Response Capacity Development Programme (HRCDP)*

*Expected start-up date: September 2004*

*Total budget: EUR 3.2 million from EDF 9*

#### **a) Background**

Responding to a recognized need for more strategic support for policy development, strategic planning and coordinated management of the national and regional health and multi-sectoral HIV/AIDS response in line with and expanding on the current EC HIV support programme to the Ministry of Health and Social Services (MOHSS), a three-year, EUR 3.2 million capacity development programme has been proposed under EDF 9 in close collaboration with the Ministry and the NAO.

The envisaged programme will provide the newly-created Directorate of Special Programmes in the MOHSS with technical, managerial and financial support and will assist the Directorate in strengthening operational and technical linkages with other main stakeholders in the Medium Term Plan III for HIV/AIDS (2004-2009).

#### **b) Expected Results**

The purpose of the project is to strengthen institutional and community capacity to plan, manage and monitor an expanded, coordinated health and multi-sectoral response to HIV/AIDS.

Three main results are expected from the proposed support:

1. Effective and efficient institutional structures and processes in place for planning, managing and coordinating the response at central level.
2. HIV/AIDS systematically mainstreamed throughout the public sector.
3. Strengthened response at regional level.

Essentially, the programme will strengthen capacity to plan and manage implementation of the programme interventions rather than providing financial support for implementation – this will be provided by other partners. Given the pace of change and a certain degree of uncertainty about future support from other partners and the strategic vision of MTP3, the programme needs to retain flexibility to respond to needs as they arise, on a demand led basis.

A financing proposal was submitted to EuropeAid in November 2003. Following the approval of a suspensive clause for the launch of tender procedures, the pre-forecast to tender for technical assistance was published in January 2004 and the tender will be published in March 2004.

#### **c) Degree of integration of crosscutting issues**

The programme will support a holistic and integrated approach to capacity development, taking into account regional and local contextual factors and socio-cultural and gender issues. The poor, women and girls and other vulnerable groups will particularly benefit from an expanded, strengthened, locally appropriate response. The programme particularly stresses building capacity through the transfer of knowledge and skills, and the strengthening of existing structures and processes in the Ministry and at the regional level.

*9ACP NAM07 Technical Cooperation Facility*

*Expected Start date: April 2004*

*Total Budget: EUR 2.0 Million*

The programme will provide for activities previously financed through global authorisations, under which individual financing decisions (or “DAGs”) were taken by the Chief Authorising Officer for each activity through “Technical Assistance” (including “Expert Facility”) DAGs and through “Training DAGs”. The Technical Assistance Facility will ensure the engagement of short- to medium-term consultants to assist in i) all stages of the project cycle so as to ensure the effective implementation of the National Indicative Programme (NIP) and other EC programmes contributing to Namibia’s development strategy under EDF 9 and ii) the preparatory studies for EDF 10 as well as training and support for conference and seminars.

**a) Results**

The programme will produce the following results:

- Under the current NIP: improved tendering procedures, audits and evaluations, whenever they cannot be financed out of the project itself or where it is convenient or efficient to combine a number of audits/evaluations of related interventions.
- Identification, formulation and preparation of programmes to be supported under EDF 10 through sectoral and macro level analysis.
- Increased understanding of development and trade issues by key actors – to this end approximately 6 conferences and seminars will have been organised in Namibia and a further 30 (approximately) Namibian participants will have been financed in conferences, seminars etc. organised by bodies other than the Commission.

**b) Activities**

The activities are as follows:

1. Short-term studies and technical assistance. These may be conducted in support of priority sectors supportive to the NIP namely: Rural development, Education and training, trade and regional integration, HIV/AIDS, macro economic and public finance, general capacity building and institutional strengthening expertise.
2. Identification of programmes for funding in the NIP from EDF 10 resources.
3. Conferences and seminars organised in Namibia on EC development and trade priorities and procedures.
4. Participation in training activities organised by other bodies on development and trade issues.

**c) Crosscutting issues**

An integral part of the studies shall follow internationally recognised procedures for environmental impact assessments where necessary. The provision of this programme will ensure that sufficient attention is paid in the identification and preparation of the NIP to these aspects. The gender balance among participants in conferences and seminars will be followed up by the Delegation to ensure that it is appropriate to the topic or sector concerned.

*8ACP NAM31 Capacity Building for Development Planning Programme*

*Start date: August 2003*

*Total Budget: EUR 3.2 Million*

This programme was a non-focal area of the CSP. It was however funded under EDF 8 due to balances available. It does however fully follow the EDF 9 approach in institutional strengthening and is supportive to NSA activities.

#### **a) Results**

The main results achieved since the project start in August 2003 are the following:

Result 1 – National plans/policy and resources allocation monitored, reviewed, adjusted on a regular basis

- Technical assistance to the development of national plans, in particular support to the Mid-Term Review exercise of the National Development Plan 2.
- Preliminary capacity assessment of institutions involved in macroeconomic analysis.
- Project Cycle Management methodology introduced to NPCS staff and other relevant line ministries.
- Donor coordination report and guidelines being produced.
- Donor database being revised and up-dated.

Result 2 – Effective programme management

- Assessment of the potential for FDI and Private Sector Development as complementary/alternative sources for funding of Development Programmes.

Result 3 – Enhanced capacity through continuous professional development and induction training programme embedded in the NPCS

- Basic skills training needs assessment conducted.
- Preparatory work on a Capacity Building Plan started.

Result 4 – National Planning Commission using Non-State Actors to support development process

- Support to the finalization of the Non-State Actor policy of Government, including the up-dating of the Non-State Actor database.

#### **b) Progress in activities**

There has been limited progress in implementing the programme estimate. Of the total budget of the work programme ending in April 2004, 51% had been committed as of end of December 2003.

#### **c) Cross-cutting issues**

NPCS officers dealing with gender and environment are included in this capacity development initiative, thereby ensuring that national policies in these fields and development planning are effectively integrated.

*9ACP NAM06 and 05, Rural Town Sewerage Reticulation Scheme for Luderitz (7th EDF resources transferred to EDF 9)*

*Start up date - February 2004.*

*EUR 3.5 million and feasibility study EUR 0.15 million*

#### **a) Results**

This project is a combined effort between the Luderitz Town Council (LTC), the Ministry of Regional, Local Government and Housing and the EC. In Luderitz a squatter area will be flattened in order that the inhabitants are housed in proper brick houses in 4 new residential areas. The residential areas will be provided with the necessary gravel roads and essential services such as water and sewer reticulations.

The impoverished people dwelling in these areas will also no longer have to utilise the so-called bucket system, which is extensively used in the squatter camp. The sanitary situation and consequently health patterns should improve accordingly.

Due to the substantial increase of water borne sewerage, the wastewater treatment plant will have to be upgraded and expanded and a new water reclamation plant will be constructed to purify the water for reuse and pumping back into the town water supply system.

#### **b) Activities**

Activities to be funded by the EC will consist of the construction of sewer reticulation systems in 4 new residential areas in the suburbs of Luderitz, including 780 house connections, 11 km of outfall pipelines and 310 manholes. The Town Council will provide the gravel roads, services and housing for the relocation of the local inhabitants.

Furthermore 2 pump stations and pipelines to the new treatment plant will be upgraded to absorb the additional sewage capacity.

The additional wastewater and sewage consequently requires the upgrading of the existing treatment plant and, due to water shortage in Luderitz, the construction of a new water reclamation plant. The direct beneficiaries will contribute by obtaining loans to purchase their houses and generally uplift their own standard of living.

#### **c) Degree of integration of crosscutting issues**

This project has a particular positive impact on the environment, as wastewater will gravitate and be pumped to a sophisticated treatment plant instead of unhygienic removal via waste lorries.

As with the other 4 townships the occurrence of diseases that are usually linked to poor sanitary situations will greatly diminish. A healthier situation should reduce social health care cost, improve the productive capacity of the beneficiaries and contribute in a positive way to the economic well being of the community as a whole through the increased hygiene standards.

The construction of the water reclamation plant will also reduce the immense pressure on Namwater in having to find alternative sources of potable water for the town.

### **SYSMIN**

Total Budget: Amount € 40 million

#### **a) Results**

SYSMIN has contributed effectively to the stabilisation and subsequent recovery of the mining sector in Namibia through:

- 1) Support to mining operations by on-lending agreements to private investors/promoters to make them successful and sustainable.
- 2) Support to private and public entities for small scale mining operations by providing loans to operators to enhance their businesses as well as to the Namibia Small Scale Miners Assistance Centre within the Ministry of Mines and Energy (MME).
- 3) Support to vocational training centres in the mining industry, such as grants to Namibia Institute for Mining and Technology (NIMT) to finance additional infrastructure. As a result NIMT's capacity increased to 450 students per year.
- 4) Support to the Directorate of Geological Survey to acquire and make available geophysical data in order to improve quality and quantity of the Geological Surveys' database. The award of Prospecting Licenses has increased and should result in the identification of new mineral deposits and start of new mining activities.
- 5) Capacity building and institutional development within the MME.

#### **b) Activities**

Half of the SYSMIN allocation was used to provide private sector loans for medium/large- and small-scale mining operations by way of on-lending agreements.

The other half of the SYSMIN allocation was used on a grant basis to finance airborne surveys, technical assistance to MME and extension of training facilities at NIMT.

Loan repayments were directed into a revolving fund, the Minerals Development Fund (MDF), which is now geared to finance loans for mining operations in the years ahead.

A transfer of the SYSMIN balance (approximately 3 M€) to the MDF was completed in 2002. Due to the cancellation of two projects in the FA an amount of 3,354,000 € was also transferred to the MDF.

The use of these funds is governed by a special protocol between the NAO and the MDF and is being used to provide additional loans to various mining companies.

At present 23 companies are benefiting from this financial scheme. The MME submits quarterly reports to the Delegation and NAO.

### **c) Degree of integration of cross cutting themes**

Besides supporting income and employment in the sector, the programme has and is still having a positive influence on rural development (where most mining takes place) and on the overall revenue base. The vocational training component as well as the capacity building is of general benefit to the economy as a whole.

Mining related activities were in all cases accompanied by environmental impact assessment and measures to protect the affected environment are taken into account.

The continued use of financing through the MDF for providing loans to Mining Institutions is greatly assisting companies to start or continue capital intensive projects thereby continuing with job creation and employment in this sector.

## ***Article 255 Lomé IV Bis Convention***

### ***8ACP NAM25 - Socio-economic Integration Project***

*Start date: May 2000*

*Total Budget €1.242 Million*

#### **a) Results**

- Sanitary facilities at rural schools were improved as a result of constructing a total of 50 pit latrines.
- Marketable maintenance skills of ex-combatants and other unemployed adults were developed through formal and on-the-job training.
- Trained work force was employed by communities, thereby resulting in employment and better maintained facilities.
- Government policy on maintenance was advanced.

#### **b) Progress in activities**

- The second and final Work Programme is ending in March 2004, with a possibility of extending the project until June 2004 to allow for the monitoring of the impact of maintenance training on the employment situation of trainees. By December 2003, 50% of the budget of the second work programme had been committed.
- The construction of all 50 pit latrines planned for has been completed and provisional acceptance certificates have been issued. The maintenance period of the pit latrines expires in May 2004.
- Three six-week maintenance training courses have been conducted with 77 graduating trainees available for maintenance work in their communities. Two additional training courses for 73 trainees will be conducted in early 2004. HIV/AIDS awareness was included in the training curriculum for maintenance trainees.
- Upon completion of the maintenance training course, trainees have been provided with a comprehensive toolbox to assist them in finding employment.
- A maintenance manual "Schools lasting longer" has been drafted, printed and distributed to trainees, pilot schools, education planners and inspectors. Additional copies have been made available for other schools included in the project.

- A limited number of schools have been selected to pilot decentralised school maintenance structures, including the drafting of maintenance plans and the employment of trainees to perform minor repairs.
- For the remaining period of the project, decentralised maintenance arrangements need to be promoted and supported. The Maintenance Plan of the Ministry of Basic Education, Sport and Culture still needs to be finalised and be made operational by the Ministry. The employment situation of trainees also needs to be followed-up in order to determine the impact of the training offered under the project.

### **c) Degree of integration of crosscutting issues**

Gender balance is strictly adhered to in the selection of participants.

#### Evaluations

A Mid-Term Review conducted in August 2003 concluded that the project, despite its poor initial design has managed to impact on the livelihoods of unemployed adults in the northern areas of Namibia. The main area of recommendations concerned the need to ensure the long-term sustainability of the training offered to unemployed adults and ex-combatants. A monitoring mission in March 2003 concluded that the sustainability of the project is questionable, given the scarce resources for maintenance of school buildings at the regional level. Also, it emphasised the need to look into the poverty situation of ex-combatants as compared to that of the general population. A final evaluation of the project is scheduled for April 2004.

### ***Regional Cooperation***

#### *8ACP RAU13 Feasibility Study for the Development of the Walvis Bay Corridor*

*Expected Start date: End 2004*

*Total Budget: EUR 15 to 25 million*

The feasibility study is currently being finalised and on this basis a financing proposal will have to be agreed with SADC for submission to the EDF Committee in 2004. The main expected results and activities are described below.

#### **a) Results**

The main results in the development of the Walvis Bay Corridor will be:

- (i) a strengthened institutional framework for the WBC, resulting from increased capacity of the WB Corridor Group and the Management Committees (MC), and expanded presence of the WBCG in all WBC countries;
- (ii) improved transport, cross-border and other related service delivery for WBC users, making the route more attractive and cost-effective; and
- (iii) reduced transport costs from reduced transit times and number of accidents along the WBC through infrastructure improvements.

Expected results which are less easy to measure include a strengthened public-private sector partnership, an enhanced profile of the SAR as a preferred destination for foreign direct investment, and economically empowered communities along the WBC.

#### **b) Activities**

##### **1. Institutional Development**

For the WBCG, an expansion of the staffing component at the Head Office in Windhoek and the establishment and staffing of four satellite offices in the neighbouring countries are foreseen. The WBCG has profiled itself over the past four years as an effective organisation run according to good business practice. The envisaged assistance to the WBCG would be in the form of a programme support, on a sliding scale over a period of five years.

For the MCs, technical advisory support is envisaged, which will include the identification of the constraining factors that the member governments need to address to enhance corridor utilisation and efficiency.

The MCs will also govern a Revolving Fund for study loans in the transport sector and related fields to the applicants from public and private sector in the WBC countries.

## 2. Service Delivery Improvements

The project activities directed at improving the service delivery along the WBC are concentrated in four areas, namely, HIV and AIDS services, railway and inter-modal services in Namibia, railway services in SADC, and cross-border services.

## 3. Infrastructure Improvements

Infrastructure investments are largely directed at improving existing infrastructure, such as road widening and provision of safety traffic signs. The constructions of one stop border posts are also a priority in order to diminish delays at borders. The WBC infrastructure is generally of good standard.

### c) Degree of integration of crosscutting issues

The tenders for all infrastructure projects will require an expression on the appropriateness of the proposed technology. The use of local materials and local contractors (and through them communities) will be encouraged in the tender specifications, with cost preferences given for local origin. Labour-intensive fencing in rural areas has been identified as a priority intervention. From the extensive experience in Namibia with labour-based road and water infrastructure projects, women are more likely to be actively involved in the labour-based community contracts for the fencing and thus to benefit financially.

To ensure environmental protection, an Environmental Impact Assessment will be integral to any design requirements stipulated in the tenders; the design of the various fencing solutions along the corridor routes for the free movement of wild animals; pro-active support to the national railway operator in Namibia, which is environmentally less damaging than transport by road; the TOR's for Consultants include environmental management as a cross-cutting responsibility.

The opening up of transport routes, and the growth of economic activity along those routes, results in greater mobility of the existing inhabitants, and an influx of newcomers. Service providers will also come into the area in order to service the newly established businesses and the communities that grow around them. Thus, communities become conducive to the spread of HIV. In response to this increased risk environment, an HIV/AIDS Helpline for users of the corridor will be established.

### *SADC Regional Monitoring, Control and Surveillance (MCS) of Fishing Activities Programme*

*Projects: Regional (8ACP RAU01), Angola (8ACP ANG01), Mozambique (8ACP MOZ06), Namibia (8ACP NAM04), South Africa (SA/8018/000), Tanzania (8ACP TA04)*

*Start date: January 2001*

*Total Budget: EUR 14,550,000*

### a) Results

According to the recently performed Mid term Review, the Programme has achieved the following results:

- National fisheries MCS systems functioning and the national MCS institutional capacity enhanced since the commencement of the Programme.
- A basis for the management of shared stocks and international fishing activities has been established
- Control of international fisheries activities has been harmonized.
- Protection of the marine environment has increased
- Regional cooperation and communication has been enhanced.

## b) Progress in activities

Activities are progressing in all component. Each component addresses the following main themes: policy and strategy; the economics of MCS; legal aspects, including laws, regulations and prosecutions; shore based, sea and air inspections; observer programmes; and information systems. The implementation record of planned and approved activities is good. Only a few of those activities planned in the current Work Plan (April 2003 to March 2004) will not be achieved. The only significant delay in the Regional Project has been because SADC did not send the invitations out to the Ministers for the planned Minister's Summit. Delays are caused in the implementation of the activities in Angola because of delays in the issue of visa for the MCS Operations Specialist so he can start work in the country. Otherwise the Technical Assistance team is fully fielded.

Financial progress (€k)	Budget	Committed (mar04)	
Region	5,740	4,058	71%
Angola	2,320	1,360	59%
Mozambique	2,280	1,224	54%
Namibia	840	387	46%
South Africa	1,210	434	36%
Tanzania	2,160	1,278	59%
TOTAL	14,550	8,741	60%

## c) Degree of integration of cross-cutting themes

**Gender:** The Programme addresses gender in applying a policy of non discrimination. Two of the five National Programme Coordinators and the Deputy Regional Authorising Officer are women. Trainees are selected according to the work that they will conduct after the training.

**Environment:** The Programme's overall objective is the improved management of marine resources; this will lead to their protection. Monitoring, Control and Surveillance measures ensure the protection of marine fisheries resources.

**Institutional development:** The Programme works with existing permanent institutions to improve national MCS systems. It contributes technical assistance, training and equipment to reinforce the capacity of these bodies. It also reinforces the policy and legal institutional frameworks by addressing those major themes.

**Capacity building:** Most of the Programme's activities to date have been in training and building the capacity of individuals and institutions to perform their functions.

*8ACP TPS154 and SA/73200 Economic Integration Support Programme (EISP)*

*Total Budget: EUR 3 million EDF 8 intra ACP resources and EUR 3 million from EPRD*

*Expected Start-up date: January 2005*

Since the signing of the Financing Agreements in February and March 2001, the project has been at a standstill due to:

- a) A stipulation that the BLNS indicate their concurrence with the EU-TDCA. This has now been superseded by the signature of the 2002 SACU Agreement.
- b) Technical reasons related to the pre-tendering process which emerged with a short list of only two consultancies.

With the formal creation of the SACU Secretariat and physical location in Namibia and in accordance with the provisions of the Financing Agreements, the Regional Authorising Officer, further to a request from the Deputy Chief Authorising Officer of the EDF, agreed to transfer in June 2003 the programme implementation to Windhoek, so as to ensure consistency and coherence with the overall strategy and activities of the SACU Secretariat. The function of Regional Authorising Officer has also consequently passed to the National Authorising Officer of Namibia, acting on behalf of SACU Member Countries. The BLNS have also confirmed that they remain interested and committed to the programme.

In view of the very short time remaining until the expiry of the implementation period (end 2004), it would not be possible to implement any activities under this programme without an extension of the Financing Agreement's validity. Furthermore, it is necessary to fully take into account the latest developments mentioned above and appraise and review the programme that was designed more than three years ago. Subsequent to such a Review, a new log frame will be prepared, and a revised programme management structure and set of activities proposed. On this basis, the terms of reference for the international tender will be prepared and the tender process launched.

The review will be launched in March 2004 and will provide the decision makers in the BLNS countries, the SACU Secretariat, the Regional Authorising Officer (RAO) and the EC with sufficient information to justify the extension and revision of ESIP with a view to 'jump start' implementation in a new institutional and policy context.

The original results and activities that need to be reviewed in light of the latest developments within SACU are as follows:

**a) Results**

- Strengthened analytical capacity at national and regional level in the areas of managing trade liberalisation and the accompanying effects of fiscal revenues ;
- Appraisal and feasibility studies of programmes of support for investors and workers completed.
- Design of budgetary reform measures
- Institutional strengthening to the SACU Secretariat
- Establishment of effective institutional in-house capacity within SACU for in-depth analytical studies and research on the legal, commercial and technical aspects of trade

**b) Activities**

TA for studies in trade and trade related policy development (investment, taxation, industrial development policy)

- Training and information seminars on policy development issues and information for Governments and NSAs.
- ST TA to appraise the impact on liberalisation in particular sectors, assist private sector in short-term adjustment strategies and identify opportunities
- ST TA for technical assistance in fiscal restructuring and revenue enhancement measures.
- Capacity support for SACU Secretariat
- Resources for regional initiatives e.g. reform of trade documentation, strengthening of statistical services, implementation of unified border posts.

***EDF7 and EDF8 Programmes***

*7ACP NAM76 Rural Town Sewerage Reticulation Scheme for Karasburg.*

*Start date- February 2003.*

*Total budget: EUR 1,55 million*

**a) Results**

Westerkim, the suburb of the rural town of Karasburg, will receive a complete waterborne sewerage scheme including the necessary purification ponds. Impoverished people dwelling in this township will then rid themselves of the so-called bucket system of disposal of human waste. As an additional measure, the wastewater treatment system will be upgraded and expanded to produce purified effluent for watering of sport fields and Municipal gardens. Approximately 450 households or 2,000 people will benefit from this project to add to the number of underprivileged inhabitants from Karibib, Outjo and Otavi, where schemes were completed between 1997 and up to the end of 2001.

It is hoped that, as with the suburbs of the other three rural towns, the sanitary situation and consequently health patterns will improve tremendously.

**b) Activities**

A Contractor was appointed in June 2003 to construct a complete water borne sewer reticulation system connecting up to 450 houses. Approximately 20 km of outfall pipelines and 360 manholes will be constructed and sewage will gravitate to 4 waste water treatment ponds. A high pressure pump will be installed at the lower end of the treatment plant and purified effluent pumped back to the town to be used for watering of sportsfields. Furthermore, 450 ablution blocks including toilets, showers and hand washbasins are being constructed adjacent to existing houses, to which the direct beneficiaries have to contribute by providing finishings and painting.

An NGO will be appointed shortly to assist the inhabitants with use of the system, advising on operation of the system, such as prevention of blockages, water saving measures and minor repair work to prevent water loss.

### **c) Degree of integration of crosscutting issues**

The project will have a particular positive impact on the environment, as wastewater will be properly treated.

A healthier situation should reduce social health care cost, improve the productive capacity of the beneficiaries and presence at their respective work places and thereby contribute in the most positive way to the economic well being of themselves, their families and the community as a whole.

The project should ensure a positive impact on women and small children as the presence of various bacteria will diminish through increased hygiene standards. The hazard of infecting babies and small children through food preparation will decrease.

## *8ACP NAM23 National Agricultural Support Services Programme (NASSP)*

*Start Up: March 2003*

*Total Budget € 6 Million*

### **a) Results**

- *Institutional Support:*

The Agricultural policy is currently reviewed and will be finalised towards June 2004. The MAWRD's policy on cooperation with financial institutions is reviewed. Directorate of Planning has finished its first "Agricultural Trade Newsletter" in conjunction with the Agricultural Trade Forum. Rapid market research projects have been initiated on cut flowers and cactus pear. As part of capacity building, new job descriptions for DoP staff have been developed and an appraisal system put in place.

- *Rural Enterprises Development & Finance (Co-operatives)*

Concern persists about the performance of co-operatives especially those under provisional registration which have gone beyond the four years limit. The Registrar has not been able to take appropriate action to start the process of liquidation or extending the duration of provisional registration as advised. The training of mentors has taken off, induction courses have been conducted and training materials have been developed.

- *Rural Enterprises Development & Finance (Micro-Finance)*

The initial problems with constituting the Rural Micro Finance Task Team (RMFTT) were overcome. Unfortunately, there still is severe lack of commitment on the part of task team members to the objectives of RMFTT. Therefore, it was decided to review composition and the ToRs and to seek fresh commitment from nominating bodies.

- *Livestock Development (Production & Marketing)*

A pilot project has been started in the Oshikoto region. The baseline study on community based animal health delivery system was conducted and a plan of action for the next two years interventions developed. The project will focus on the increase of the off-take of cattle through formal markets, the increase of the number of cattle owned by poor farmers, the increase of the livestock producer price

and the access to veterinary drugs. All hardware and software equipment to establish the NNADIS was procured, while the construction of one quarantine camp has taken off.

- *Crop Diversification*

An evaluation of the MAWRD Cotton Development Programme was conducted. Future NASSP interventions in the cotton sector will depend upon the outcome of this evaluation which will be discussed during the next annual review and planning workshop.

- *Indigenous Plant Resources*

The first community run Devil's Claw cultivation nurseries have been started. Succulent cultivation trials have also been initiated. Work on improved management of wild harvested indigenous plants is on-going, including preparation of wild harvesting extension messages and a plan to more widely cultivate indigenous green leafy vegetables.

- *Grain Development*

An evaluation of collective grain marketing is completed. This has demonstrated the importance of NASSP support in this area. No progress has been made in setting up a Post-Harvest Unit.

## **b) Activities**

80% of the activities are on track as planned. Delays have been experienced in the grain management component as the rider to the TA contract is not yet signed. 31% of the budget has been committed, excluding the budget allocated for TA.

Procurement of equipment is ongoing and supply contracts are signed on a regular basis. However, the NASSP is struggling to recruit adequate local consultants. Assignments are re-advertised and tenders re-evaluated, claiming a lot of time of the management. A rider to the NRIL service contract could ease the recruitment of suitable consultants.

## **c) Degree of integration of crosscutting issues**

The NASSP programme is considered as a bridging project between the past or on-going rural development projects, supporting mainly agricultural activities of MAWRD and the new orientations under the 9<sup>th</sup> EDF and Cotonou agreement towards an overarching programme to fight poverty and improve livelihoods in rural areas

The NASSP is focussing on capacity building within the Directorate of Planning of the MAWRD. Apart from this, the programme is also strengthening the different task teams and working groups on small grains, livestock, cotton, indigenous plants, Devil's Claw and micro-finance. With the cultivation of indigenous plants and the introduction of GMO's special attention was given to environmental impacts.

## *8ACP NAM06 Research Extension Management Programme (REMP)*

*Start Up: June 1999*

*Total Budget €7.45 million*

## **a) Results**

- REMP is working in all the Regions, providing budgets for locally planned and executed activities. 2003 was an exceptionally busy year with by far the highest annual budget.
- A comprehensive training programme for regional Mass Media Specialists has been completed, and newsletters, radio programmes and pamphlets are being produced.
- Regional and national Logframes for the Directorate of Extension have been developed as a tool to facilitate planning, monitoring and evaluation of extension services. A unified reporting format is also beginning to function.
- "Extension Impact Monitoring" baseline surveys have been undertaken in all regions and reports will be completed before the end of the programme.
- Jointly with the University of Stellenbosch Business School, a seminar was organised for 35 senior managers from MAWRD.

- A total of 23 long-term students have received support for studies at UNAM and regional Universities.
- Manuals have been produced for Participatory Farmer Training Development and for Facilitation Skills, and a large number of regional staff and farmer trainings carried out.
- The infrastructure programme is nearly complete and the last contracts were signed towards the end of the year. 23 new Agricultural Development Centres (ADCs) have been built and more than 35 renovated throughout the country. Office equipment and furniture for new ADCs and in support of mass media and information activities have been supplied.

#### **b) Activities**

- Support to “effective FSRE management system” followed the planned activities with Senior Management Training Seminars, workshop on FSRE Support Strategies and support to the annual FSRE conference. There is a marked improvement in general understanding in Research and Extension of the FSRE approach as a Participatory, Demand-driven and Multi-disciplinary process.
- Support to “effective Management Information Systems” also produced very positive results and good response from regional staff. Annual planning and budgeting now starts at field level. Still, proper indicators need to be identified for regional Logframes and the impact monitoring surveys will assist in this process.
- During the year, the programme jointly with MWTC did catch up with earlier delay in infrastructure activities, and all planned construction works will be completed in time.
- REMP will terminate in March 2004, and the total budget of euro 7.45 million will be fully utilized.

#### **c) Degree of integration of crosscutting issues**

REMP is closely integrated with the Ministry’s internal structures and planning and budgeting procedures, thereby supporting crosscutting issues and ensuring sustainability of programme-supported activities. Though, as an institutional & capacity building programme, REMP will only have indirect impact on poverty, gender and environmental issues.

### *8ACP NAM17 Multiannual Micro Projects Programme (MPP)*

*Start up: February 2001*

*Total Budget: €4 million*

#### **a) Results**

89 projects were completed by November 2003.

Agreement has been reached with the Ministry of Agriculture, Water and Rural Development and Ministry of Works, Transport and Communication for MPP to make use of water/building inspectors in regions to inspect infrastructure. Service contracts have been signed with the private sector on of training, building inspections and feasibility studies on water related projects.

PMU revised, improved, quantified and priced the building plans. The improved plans allow better implementation of the infrastructures. The Work Programme and Logical Framework for 2003 were revised and with indicators.

#### **b) Activities**

The staffing of MPP has increased with the filling of the following positions during 2002/2003: A local Programme Manager, Technical Advisor, two project officers, a financial and administration officer and two assistant financial and administration officers. The programme has opened a northern satellite office. A project officer, assisted by an assistant financial and administrative officer, heads this office.

Two training workshops were held in March and September 2003 with NGO/CBO currently implementing MPP. Furthermore, PMU has set up an institutional framework of all stakeholders at the Regional level that allow better technical support to programme implementation. Meetings were held

with all 13 Regional Development Coordinating Committees (RDCC), working out strategies how projects could be better implemented and assisted.

PMU, assisting Organizations and communities carried out participatory appraisals of projects proposed. 9 project proposals were presented for support. The PMU undertook 12 monitoring visits to project sites. Technical building inspections were satisfactorily carried out on 89 completed projects. A EC monitoring mission was carried out in March 2003.

### **c) Degree of integration of crosscutting issues**

The programme is designed and implemented according to the principle of decentralized cooperation that emphasizes consultations and dialogue among stakeholders and recognizes the decentralized structures of government.

The programme is implemented in all 13 Political Regions of the country through the Regional Development Coordinating Committees. At the constituency level it works with the Constituency Development Committees, supporting crosscutting issues and ensuring sustainability of programmes in the same way that the rest of the Government's projects and programmes do.

#### *7ACP NAM64 Support to Crop Seed Production and Research in Northern Namibia*

*Start up: September 2000 - completion September 2003*

*Total Budget: €0.81 million*

### **a) Results**

- - The programme has assessed the seed demand in the Northern Communal Areas and prepared a business plan that contains detailed projections for the coming years.
- - A Quality Oriented Seed production, Processing and Stock Handling System has been established. This has included the provision of written procedures for the whole productive chain, training and supervision of participant growers and creation of an effective Seed Marketing System.
- - Intensive work has gone into the strengthening of the physical resources, the staffing and the management capacities of the Northern Namibia Farmers Seed Growers Cooperative (NNFSGC)
- - The capacity of the Directorate of Agricultural Research and Training in variety improvement has been enhanced through the establishment of a research system networking, provision of necessary inputs and specific training.
- - The Government has gained the capacity to effectively control the quality of the seed produced and commercialised in Namibia (seeds inspection systems).
- - The awareness and outreach among the farmers in the NCAs have been improved.

### **b) Activities**

The Programme finalised its implementation in September 2003. All the planned activities were carried out as planned, the budget was spent as it was intended, and there are no outstanding issues pending.

### **c) Degree of integration of crosscutting issues**

The Seed Production Programme integrated with the Ministry of Agriculture structures and the Regional decentralisation processes, thereby supporting crosscutting issues and ensuring sustainability of the programme.

#### *8ACP NAM24 Upgrading of the Namibia Maritime & Fisheries Institute*

*Start up: August 2002*

*Total Budget: EUR 1.9 million*

### **a) Results**

The project will eventually result in firstly new physical training facilities and improvement of the existing ones and secondly, the provision of equipment and teaching material for the extended institute.

This will allow an increase in the number of students to be trained and to qualify for the many positions in the Fisheries maritime fleet and factories from 60 to more than 100.

### **b) Activities**

Activities consist of civil works and supply of equipment.

The Contractor that was appointed in August 2002 has completed the construction of a new double storey classroom block, a new training and usable workshop, extension of the existing administration building, renovation of the head office containing reception, offices, committee room and a library, and site works consisting of paving and road works.

The supply of office and classroom furniture, computers, training models, maths and laboratory equipment, navigation equipment, books and charts, workshop equipment and vehicles should be accomplished by mid-year 2004. The tender for the supplies closed on 30 January 2004 and contracts will be awarded soon.

### **c) Degree of integration of crosscutting issues**

Traditionally, seagoing and technical jobs are a male domain, but some of these positions and onshore jobs are being taken up in increasing numbers by women. The institute is equally open to men and women of all races and colour, and facilities will now be adequate in all respects for everyone.

Upon completion of the construction work, the Spanish Government will fund a number of specialist lecturers and instructors to assist the Institute over the following 4 years.

Some of the students will be trained to qualify as instructors themselves in order to phase out instructors from Iceland and Norway.

The project has no negative impact on the environment, but should ensure that all students are trained in the conservation of the environment.

## *8ACP NAM01 Namibia Tourism Development Programme (Development Phase)*

*Start-up Sept.: 2000*

*Total Budget: €7.2 million*

### **a) Results**

- Following the construction of the restaurant and teaching kitchen section of the new Hotel School of the Polytechnic of Namibia, government funds were used to build classrooms and accommodation units, and the School was opened by President Nujoma in October. It is now being used for teaching purposes, but the commercial side still needs to be developed.
- The process of developing unit standards for tourism training has started, with guiding standards nearly completed. Hospitality standards and a national tourism training strategy will be developed in 2004.
- A new initiative giving rural people a direct stake in tourism, called 'Community Lodges of Namibia', has been launched. This involves constructing mid-level lodges that will belong to Conservancies, and giving locals the skills to run these operations themselves as part of a national network. The initiative has been given wide support, and the first lodge is about to be constructed.
- Support to the National Monuments Council for sustainable tourism in rock art sites has continued. Additional shelters and signage were constructed at Brandberg, and more training given to community guides. A major workshop on tourism at rock art sites took place, with input from international experts, during which the Council gave support to the Programme's plan. It has been agreed that significant measures to provide physical protection to vulnerable sites will go ahead in

2004, and the major tourist attraction of Twyfelfontein together with its community guides will receive similar assistance to that already given to Brandberg.

- Support has been provided through the Namibian Community Based Tourism Association to several enterprises. This has included the construction of a visitor centre at the Uukwaluudhi King's Homestead, an information centre for the Sorris-Sorris Conservancy and dry composting 'enviro-loos' at Ruacana and Petrified Forest. Following the completion of a market survey of the potential for community-based tourism enterprises in the southern regions of Hardap and Karas, additional enterprises will be supported in this area in 2004.
- A public-private partnership framework and policy for the Namibia Wildlife Resorts has been developed. This should allow the organisation to use partnerships with the private sector to reduce the losses incurred at under-performing resorts and to focus efforts on its main resorts.
- A new park plan has been developed for the Namib-Naukluft park. This has helped to establish a new view on the significance of protected areas, which focussed on developing their role in the growth of the rural economy in addition to biodiversity conservation.
- The Namibian Tourism Board is now fully functional. Its offices, which had largely been equipped through the Programme, were opened by President Nujoma in April. The Programme has supported a new business and marketing plan, which has been well received, and is now being implemented. The main activity is a cooperative marketing programme, under which support is given on a matching basis to commercial operators in Europe to encourage them to increase the number of tourists visiting Namibia, and to encourage them to diversify the tourism product in a socially and environmentally sustainable manner.

#### **b) Activities**

- A programme review carried out in March 2003 recommended a no-cost extension to the programme from June 2004 to June 2005, subject to the results of an external review to be carried out in January 2004.
- Annual Work Programme 4 ran from January to April 2003. There was a total commitment of N\$3.5 M, of which 43% was expended by the end of the period.
- Annual Work Programme 5 is due to run from May 2003 to May 2004, with a total commitment of N\$15 M, of which 27% was spent and 42% committed in the form of signed contracts by the end of 2003. This represents a considerable increase in the rate of expenditure since Work Programmes 1-3, but is still low compared to the predicted rate. This is because not all programme beneficiaries have been able to develop their programmes at the rate that they had intended, and in some cases have found the requirements for competitive procurement onerous.
- The last of the major separate commitments under the programme has been completed with the purchase of 10 vehicles and computer equipment for the Namibia Tourism Board.

#### **c) Degree of integration of crosscutting issues**

Tourism has considerable capacity to alleviate poverty, particularly in rural areas where there are few other income generating opportunities. The Directorate of Tourism and the programme see this as one of the primary motivations for the development of community-based tourism initiatives.

An important component of the programme is the need to develop tourism without creating negative environmental impacts. A system for evaluating and making awards to tourism enterprises on the basis of their social and environmental responsibility is being developed.

Tourism is a sector where gender imbalances are not as acute as in some other sectors. However the programme has commissioned a study of ways in which gender issues can be addressed more fully in the tourism sector. HIV/AIDS awareness is an important component of guide training, and these issues are being more fully incorporated in the programme.

*8ACP NAM09 Trade and Investment Development Programme*

*Start-up: November 2000 – Completion December 2003*

*Total Budget: EUR 3.6 million*

#### **a) Results**

- Industrial development: the industrial policy paper was revised, update of regional industrial plans, IT strategy and governance study completed, manufacturing census data computerised and manufacturing data base established.
- Trade policy: Main results entailed the preparation of impact studies on EPAs, COMESA and WTO related issues leading to cabinet submissions. This component was not able to achieve its expected results due to the decision of the Ministry not to take on a LT Adviser.
- Namibia Investment Centre (NIC) / Offshore Development Company (NIC/ODC): TIDP enhanced the performance of the NIC through upgrading promotional and information material, workshops on effective investment and initiatives for investment promotion and improvement of the web site. The outward and inward investment missions led to substantial new business contacts.
- Namibia Chamber of Commerce and Industry: NCCI now act as a standing voice of the business community. New organisational structures and operational systems, including IT, were introduced and a company database and new income generating devices were introduced. Staff skills were enhanced and the private sector supported through market studies and investment promotion missions.
- Small Business Credit Guarantee Trust (SBCGT): Although the credit guarantee scheme had an excellent performance with respect to credit guarantee applications approved and was able to roll out the programme to the target market, the overall efficiency and impact is questionable – the 44% default rate is an indication of the inadequate design of the scheme. The lessons learnt from the SBCGT should be taken into account in future SME lending schemes.

## **b) Activities**

The programme was successfully concluded in December 2003. From the overall global Commitment amounting to EUR 3.6 million, an amount of EUR 3.5 million was contracted and the final level of disbursements should reach the same amount.

## **c) Cross-cutting issues**

TIDP was able to build structures and transfer skills to support Namibia's transformation towards a more competitive and diversified economy. However, the sustainability of the institutional strengthening was hampered due to shortages of staff availability in MTI, inadequate preparation for the technical assistance to be matched with adequate staff to benefit and a breadth of coverage that stretched MTI resources to the full.

### Evaluation

The final evaluation has concluded that overall, the TIDP, has been a relevant intervention which has had a good number of positive impacts and gone some way to achieving its overall purpose. However, there is a need to sort out the very relevant loan guarantee programme and to put it on a sounder footing.

*8ACP NAM11 (and 9ACP NAM03) – Support to HIV/AIDS and STD*

*Start date: April 2000*

*Budget: EUR 1.55 million*

## **a) Results**

*Result 1 – Policy development process strengthened*

Substantive technical support was provided to the following processes:

- The Mid-Term Review of the Medium Term Plan II for HIV/AIDS (MTP-II) and development of MTP-III
- The Mid-Term Review of the EC-project
- The development of the overall HIV/AIDS policy

Also, the operationalisation of the Global Fund agreement which is expected to be signed in February 2004 was supported, as well as the various technical working groups, the National AIDS Executive

Committee (NAEC) and Namibia Co-ordinating Committee for AIDS, Tuberculosis and Malaria (NaCCATuM).

#### *Result 2 – M&E systems strengthened*

- Reporting formats for regions and sectors were developed and implemented.
- M&E tools were developed for inclusion in the regional support system and were piloted.
- With broad stakeholder input, a UNAIDS consultant assisted with the establishment of a comprehensive set of HIV/AIDS health sector and multisectoral indicators for use under MTP-III as well as the Global Fund agreement.
- ToRs were developed for an M&E system that captures all HIV/AIDS, TB and STI-related activities and targets, from national down to constituency level (GIS-based database).
- A database was developed for the National AIDS Co-ordination Programme (NACOP) Resource Centre and a librarian assistant hired to enter all documents.

#### *Result 3 – Strengthened institutional set-up at national and regional levels*

- NACOP staff was trained in management skills
- Technical assistance was provided to draft a new staff establishment of the Ministry of Health and Social Services and job descriptions were reviewed and finalized during various stakeholder meetings.
- Regional HIV/AIDS health sector (SHPAs) and multisectoral (RACs) coordinators were supported in their annual planning and review and technical training and horizontal learning was provided for (e.g. sharing best practices). Training needs of regional staff is being catered to during these meetings as well as during regional support visits.

#### *Result 4 – Strengthened health sector and multi-sectoral response programme at all levels*

- Training provided to all public sector focal persons and human resource managers.
- Under the leadership of the Office of the Prime Minister a pilot training of the HIV/AIDS Common Module was done with public sector focal points.
- PCs were supplied to the regions and all related staff was trained in computer skills.
- Two regions received financial support for their multi-sectoral response programmes.

#### *Result 5 – Strengthened institutional set-up for training and capacity building*

- A joint KIT-ITECH consultancy developed training curricula for nine modules.

#### **b) Activities**

With 35% of the work programme committed by end of December 2003, progress in activities can generally be considered reasonable. However, several activities are delayed due to staff overload owing to the small size of the NACOP team vis-à-vis the expanding HIV/AIDS epidemic and the considerable challenges on national and sub-national levels in a great number of areas requiring attention. The new Directorate of Special Programmes (to come into place between March and June 2004) is expected to alleviate this situation and speed up many of the delayed activities. By end December 2003, 35% of the current Work Programme 4 was committed.

#### **c) Degree of integration of cross-cutting themes**

National and regional capacity building is one of the foreseen outputs and consequently, it receives major attention in programme implementation. Gender issues receive explicit attention in training modules, regional meetings and support visits, development of responses and other activities. However, gender as a major factor affecting the nature of Namibia's HIV/AIDS epidemic (female economic dependency, gender-based violence, inter-personal communication issues) requires more consideration.

#### Evaluations

A mid-term review conducted in February 2003 concluded that the EC support program is highly relevant for strengthening of the management of the health and multisector responses to HIV/AIDS and recommended an extension of support to the regions. A monitoring mission in March 2003

concluded that the project should increase training of health management staff with sustainable TOT, as well as strengthen referral systems for HIV/AIDS positive. A final evaluation of the project is planned for May 2004.

## **ANNEX V: EC BUDGET LINES PROGRAMMES**

### **Budget Line B7-6000 – Co-financing with European NGO**

#### ***Human Resource Development in the Orthopaedic Sector***

*Ministry of Health and Social Services - SINERGA & CESTAS (Italy)*

This three-year project which ended in November 2003 has been well-received by the Ministry of Health and Social Services as it has built the capacity of 28 orthopaedic technicians through formal training and on-the-job training programmes. Service facilities have been established and working methods for the production of orthopaedic technical appliances have been up-graded.

#### ***Namibia Community Health Programme***

*Ministry of Health and Social Services - Health Unlimited (UK)*

This project which ended in March 2003 has sought to improve the provision of health care to marginalized communities (San and Nama/Damara) in Bushmanland in North East Namibia and in the Omaheke region. During its 4 years of implementation, 6499 San people have been reached by the project and regional primary health care staffs have received training.

#### ***Home Based Care for Terminally Ill and AIDS orphans in Oshana region***

*Namibia Red Cross Society - German Red Cross (Germany)*

This project which ended in June 2003 has been a limited but important contribution to the fight against the HIV/AIDS epidemic. Through establishing community support networks that provide care and support to HIV/AIDS patients and orphans, the project has empowered communities to better cope with the epidemic and assisted vulnerable HIV patients. The project is now being replicated across the region by national Red Cross societies.

#### ***AIDS Prevention in Namibia***

*Catholic AIDS Action – Kindernothilfe (Germany)*

This project provides for a wide scope of HIV/AIDS activities ranging from prevention to care in Windhoek and six regions. Activities include information dissemination, networking, capacity building, home based care and income generating activities. Catholic AIDS Action is one of the franchise partners of the Social Marketing Association (see below) in providing Voluntary Counselling and Testing services.

#### ***4H Youth Entrepreneurship Training in the Regions of Karas, Omaheke and Otjozondjupa***

*COLS/4H Namibia - 4H Finland*

The project aims to provide training in entrepreneurial skills to young people (6-25 year olds) in the form of after-school club activities. After a slow start involving the change of the local implementing organization and the setting up of a new NGO, it is hoped that the project will pick up.

#### ***Upgrading of Squatter Area – Human Development in Errotlova, Otjiwarongo***

*Namibian Clay House Development Project Trust - Solidaritaetsdienst International (Germany):*

The project is in full swing and has achieved its objectives in full accordance with the plans. It is receiving important support from the Municipality and has managed to create a positive culture and acceptance towards clay as construction materials. The project has a waiting list of potential clients, the construction of houses and the training continues ahead of the expectations and the project is now providing capacity building and assistance to other construction initiatives in the country.

#### ***Promotion of SMEs in Eastern Namibia***

*Rural Development Project (NRDP) - Entraide and Fraternité (Belgium)*

The project has come to an end in December 2003. It has successfully completed the activities planned and has reached a high degree of acceptance and support from the involved participants. Four extension workers are now actively assisting the communities with developing and implementing project ideas, promoting savings schemes and providing capacity building to communities regarding basic skills in small business and self-development initiatives.

#### ***Support to Enhance Livestock Marketing of Communal Farmers in Namibia***

*Namibia National Farmers' Union (NNFU) - Oxfam Solidarité (Belgium)*

The project is providing technical training and capacity building to communal livestock farmers all over Namibia. It is intended that at the end of the training period, the farmers will be in a better position to negotiate fairer prices for their sales and increase household income. The project also supports dissemination of information on livestock prices by radio and provides on-site advice at livestock auctions through a team of regional community-based livestock marketing advisers.

***Poverty Reduction through Improved Livelihood Opportunities for marginalized Rural Communities in the Omaheke Region***

*Omaheke San Trust - Intermon Oxfam (Spain)*

The project has started at the beginning of 2003 and is developing its activities according to plans. The first activity is to provide assistance and capacity building to the Namibian counterpart, which was weakened after some staff left in late 2002. The project aims at developing the adequate framework to provide minorities and marginalised groups with a voice and increasing their capacities. The project covers a wide variety of areas ranging from political advocacy to income generating activities.

**Budget Lines B7-6200 - Environment**

***Conservation and Development Opportunities from the Sustainable Use of Biological Diversity in the Communal Lands of Southern Africa***

*Namibia Nature Foundation - Africa Resources Trust (UK)*

This is a regional project covering Botswana, Malawi, Mozambique, Namibia, South Africa, Tanzania, Namibia and Zimbabwe. It is building capacities among NGOs and CBOs to promote Community Based Natural Resources Management activities, creating awareness of the need to balance conservation with development. The project in Namibia is fully recognised and in line with similar initiatives from the Ministry of Environment and Tourism.

***Decision Making in the Kuiseb River Catchment's: Interactive Environment Learning and Action***

*Desert Research Foundation in Namibia*

The project is serving as a model for basin management in Namibia and is hence very valuable. Considerable capacity building support is given to the indigenous Topnaar community in the Kuiseb basin. The project is building bridges between commercial farmers, traditional authorities and the Municipalities involved in the project and providing for enhanced capacities to understand and manage freshwater and other terrestrial natural resources in a more sustainable manner

**Budget Lines B7-7000 – Human Rights and Democracy**

***Constitutional and Human Rights Unit***

*Legal Assistance Centre*

This project which ended in March 2003 has provided training to legal practitioners on immigration and citizenship law, drafted the Namibian Police Human Rights Manual, summarized bills for parliamentarians, the media and other stakeholders and litigated and provided legal advice in cases that promoted and protected human rights.

***Promoting the Rights of Minorities in Post-Independence Namibia***

*National Society for Human Rights - Minority Rights Group (UK)*

This project which ended in August 2003 has raised awareness on minority rights and the plight of indigenous San population in Namibia through seminars, workshops and the publication of a well-researched report "Minorities in Independent Namibia".

***Promotion of Independent, Free and Responsible Media in Southern Africa***

*Media Institute of Southern Africa*

The project concentrates on promoting a free, responsible and professional media through campaigning against media legislation that is constraining media institutions and practitioners,

assisting media institutions in adopting codes of conduct and good journalism practice and improving electronic news and information exchange.

### **Budget Line B7-6210 – HIV/AIDS and Population oriented operations**

#### ***Social Marketing of Voluntary Counselling and Testing in Namibia***

*Social Marketing Association - Population Services International/Europe*

The project strives to reduce sexual risk behaviour through providing voluntary counselling and testing services to 16-35 year olds in urban Namibia and increasing community support for HIV counselling and testing. Through a franchising system, the project has established 6 counselling and testing centres in Windhoek (2 centres), Oshakati, Rundu, Katima Mulilo and Walvis Bay that are attracting lots of customers and positive feedback.

### **Regional Projects with activities in Namibia**

#### ***Regional HIV/AIDS Awareness and Education Programme***

*Soul City - Namibia Red Cross Society*

The project involves 8 countries in the region (Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe) and uses the successful Soul City methodology of “Edutainment”. Soul City will build capacity in partner organizations to adapt and use Soul City materials and ultimately to develop their own materials using the same methodology.

From the table that summarises the projects, we can observe that the EC contribution to projects funded under Budget Lines in Namibia adds up to an amount of **€3,283,882**. These funds are not accounted for in the National Indicative Programme and the projects mainly concentrate in the two focal sectors that are indicated in the Country Strategy Paper (Education and Rural Development).

### **Future Projects approved for funding**

#### **B7-6000 – Co-financing with European NGO**

##### ***VSO Namibia Disability Programme***

*National Federation of People with Disabilities in Namibia and Ministry of Lands, Resettlement & Rehabilitation*

This capacity-building project which is scheduled to start in April 2004 aims to ensure effective delivery of programmes by organisations of people with disabilities and to empower the members of these organisations across five regions to reduce stigma and misconceptions about disabilities.

## Summary of Projects funded under Budget Lines

Code	Title	European NGO	Local NGO	Start	End	Sector	Budget (€)	EC(€)
<b>Budget Line B7-6000 - Co-Financing with European NGOs</b>								
ONG/PVD/ 1998/211/CSR	Human Resource Development in the Orthopaedic Sector	SINERGA - CESTAS (I)	Ministry of Health and Social Services	Sep-99	Nov-03	Health	1,106,389	597,704
ONG/PVD/ 1998/47/UK	Namibia Community Health Programme	Health Unlimited (UK)	Ministry of Health and Social Services	Apr-98	Mar-03	Health	1,100,702	468,850
ONG/PVD/ 1999/123/FRG	Home Based Care for Terminally ill and AIDS Orphans in the Ohangwena region	German Red Cross (D)	Namibia Red Cross Society	Jul-02	Jun-03	HIV/AIDS	506,774	371,457
ONG/PVD/ 2001/414/FRG	AIDS Prevention in Namibia	Kindernothilfe (D)	Catholic AIDS Action	Apr-02	Jun-05	HIV/AIDS	1,255,388	941,541
ONG/PVD/ 2000/54/FI	4H Youth Entrepreneurship Training in the Regions of Khomas, Omaheke and Otjozondjupa	4H Finland (FIN)	COLS& 4H Namibia	Jan-01	Jan-06	Education	482,800	234,673
ONG/PVD/ 2001/232/FRG	Upgrading of Squatter Area – Human Development in Orvetoveni, Otjiwarongo	Solidaritaetsdienst International (D)	Namibian Clay House Development Project	Jan-02	Jan-06	Habitat	962,669	722,002
ONG/PVD/ 2000/132/BE	Promotion of SMEs in Eastern Namibia	Entraide and Fraternité (BE)	Rural Development Project	Jan-01	Jan-04	Rural Dev.	79,250	67,362
ONG/PVD/ 2001/157/BE	Support to Enhance Livestock Marketing of Communal Farmers in Namibia	Oxfam Solidarité (BE)	Namibia National Farmers Union	Jan-02	Jan-07	Rural Dev.	415,877	311,908
ONG/PVD/ 2002/020-819	Poverty Reduction Through Improved Livelihood Opportunities for marginalized Rural Communities	Intermon Oxfam (E)	Omaheke San Trust	Mar-03	Mar-05	Rural Dev.	688,359	500,082
<b>Budget Line B7- 6200 - Environment</b>								
B7-6200/ 00-17/ENV/DEV	Conservation and Development Opportunities from the Sustainable Use of Biological Diversity in the Communal Lands of Southern Africa		Namibia Nature Foundation	Jul-01	Jul-04	Envmt.	1,166,240	(936,333) Regional project
B7-6200/ 00-07/ENV/DEV	Decision Making in the Kuiseb River Catchment: Interactive Environment Learning and Action		Desert Research Foundation Namibia	Jul-01	Jun-04	Envmt.	1,313,487	718,341
<b>Budget Line B7-7000 - Human Rigths and Democracy</b>								
B7-7021/ NAM/VN/299b/99	Promoting the Rights of Minorities in Post-Independence Namibia	Minority Rights Group (UK)	National Society for Human Rights	Aug-00	Aug-03	HH.RR.	125,687	80,687
B7-7020/ 2001/0961	Promotion of Independent, Free and Responsible Media in Southern Africa		Media Institute of Southern Africa	Nov-01	Nov-04	HH.RR.	780,535	780,535
B7-7021 NAM/PS/06/99	Constitutional and Human Rights		Legal Assistance Centre	Mar-00	Mar-03	HH.RR.	629,260	538,500
<b>Budget Line B7-6212 - HIV/AIDS and Population Oriented operations</b>								
B6212/ 2001/0464	Social Marketing of VCT in Namibia	PSI/Europe	Social Marketing Association	Jun-02	Jun-05	HIV/AIDS	2,166,933	1,950,240
<b>Total</b>							<b>12,780,350</b>	<b>8,283,882</b>

## ANNEX VI: DONOR MATRIX

### Actual disbursements for 2003 (millions €) EU Countries with representations in Namibia and USAID

Sectors	EC*	D	DK	E	F	I	L	NL	P**	FIN	S	UK	US***	Tot.
Education	4.99	3.61	1.02		0.33		1.6	1.2	0.23		2.4	0.16	1.09	
Health	0.64	1.81		0.13	0.50		0.6	1.3		1.6	0.6	0.16	6.17	
Water supply and sanitation	2.44	1.80					1.7			0.95				
Government and Civil Society	0.44	1.60	0.22	0.96	0.18			1.09		0.65	3.1	0.22	0.622	
Transport and storage		7.35									0.3			
Communication					0.13						0.6			
Banking and financial services	4.00													
Business/Private sector		0.39				0.24					0.07		1.10	
Energy	6.00													
Agriculture, forestry, fisheries	4.06	0.7		0.62	0.5		0.4			1.3		0.56		
Industry, Mining and Construction	0.2			0.38										
Trade and tourism	2.54										0.08	0.88		
Environmental Protection	0.21	0.6	0.81							0.4	0.2	0.15	2.42	
Gender														
Commodity aid														
Budget support /SAP														
Food aid														
Debt relief														
Emergency assistance	0.24	0.03												
Support to NGOs	1.3	0.10			0.12					1.1	0.3			
Others	0.2	0.61		0.3	0.61		0.4	0.35		0.1				
Total	27.26	18.60	2.05	2.39	2.37	0.24	4.7	3.94	0.23	6.1	7.65	3.44	11.40	

\*The figures for the EC include the following contributions:

- Disbursements in 2003 on activities of the European Investment Bank, totalling EUR 11,966,730
- Disbursements in 2003 on activities funded by the Commission budget lines totalling EUR 1,263,328
- Disbursements in 2003 on programmes/projects funded by the EDF, totalling EUR 14,004,877

\*\* The figures included for Portuguese aid to Namibia reflect data collected on planned disbursements for 2003 as reported in the EC Country Fact File on Namibia, prepared in early 2003. Due to the closure of the Portuguese Embassy in Windhoek in the end of November 2003, these figures have not been able to be confirmed as actual disbursements in 2003.

\*\*\* Disbursements on activities funded by USAID as calculated based on the exchange rate of December 2003 (US\$1=EUR0.813).

**ANNEX VII: EDF FINANCIAL MANAGEMENT AND PLANNING**  
**Forecasts 2004 – 2005 / Extensions, Decommits and Payments**

Namibia										SITUATION 31 December 2003			FORECAST 2004			FORECAST 2005			A L A R M			
no dormant projects										Decomm 2004: Estimation risk factor			Global Commitment	Indiv. Commitment	RAC	1 <sup>st</sup> Semester	2 <sup>nd</sup> Semeste	TOTAL		1 <sup>st</sup> Semester	2 <sup>nd</sup> Semester	TOTAL
YEAR global commit.	Accounting number (global commit.)	N° indiv Commit	Title Project (Global Commitment)	date end implementation	N° Category old RAL	extension to be requested Y/N*	Amount to be decommit- ted (D)	Amounts in Euro			ongoing indiv. Commitments	Payments on ongoing indiv. Commitment	RAP	PAYMENTS A	PAYMENTS B	PAYMENTS A+B	PAYMENTS A	PAYMENTS B		PAYMENTS A+B		
							Low L	Medium M	High H													
<b>Total ongoing global commitment</b>							525,686	525,686	0	0	87,352,000	76,665,362	10,686,638									OK
<b>Total ongoing individual commitment</b>							2,686,374	2,686,374	20,000	0	50,428,847	22,065,353	28,363,494	5,628,863	7,043,986	12,672,849	6,338,000	435,000	6,773,000			OK
<b>Total</b>							3,212,059	3,192,059	20,000	0		RAL: 39,050,132	old RAL: 3,719,840									
1993	7ACP NAM14	0	NAMIBIA INTEGRATED HEALTH PROGRAMME	20001231		N	10,081	10,081			12,110,000	12,099,919	10,081			0			0	OK		
1993	7ACP NAM14	87	DR. VAN DER VEEN (GTZ), 1 Y. FROM AUG. 1999 (+ COMM. 59, 76)	20000805	8		47,252	47,252			200,234	152,972	47,262			0			0	OK		
<b>Total Individual Commitment</b>													200,234	152,972	47,262			0		0	OK	
1998	8ACP NAM1	0	NAMIBIA TOURISM DEVELOPMENT PROGRAMME/DEV. PHASE (+	20050630		N					7,200,000	6,171,791	1,028,209			0			0	OK		
1998	8ACP NAM1	5	THR NAD 9.263.652	20040229	1						1,830,000	1,139,957	690,043	200,000	200,000	400,000	100,000	100,000	200,000	OK		
1998	8ACP NAM1	7	NAM/NDP/12/2002 - GRINAKER-LTA - 7.610.991,12	20030119	7						550,000	550,000	0			0			0	OK		
1998	8ACP NAM1	9	NAM/NDP/18/2002 - PATRICIA VAMMAS OY - 3.920.000	20021127	7		257	257			390,000	389,743	257			0			0	OK		
1998	8ACP NAM1	12	NAN/NDP/24/2002: JOHS GRAM-HANSEN; 168.400 NAD	20030718	1						194,324	194,324	0			0			0	OK		
1998	8ACP NAM1	13	WP/CE NO.5 01/05/2003 - 30/04/2004 13.574.000 NAD	20040430	1		300,000	300,000			1,462,000	810,822	651,178	351,178		351,178			0	OK		
1998	8ACP NAM1	14	SUPPLY: PUNCH LIFESTYLE COMPUTERS; 538298 NAD	20031219	1						71,773	0	71,773	60,000	11,773	71,773			0	OK		
<b>Total Individual Commitment</b>													4,498,097	3,084,846	1,413,251			0		0	OK	
1998	8ACP NAM2	0	NAMIBIA EDUCATION & TRAINING PROGRAMME	20031231		N	35,867	35,867			13,000,000	12,964,134	35,867			0			0	OK		
1998	8ACP NAM2	1	BRITISH COUNCIL NAM/HRD/20/98 AND RIDERS 1 + 2 + 3	20031231	7		67,669	67,669			3,982,900	3,715,231	267,669	200,000		200,000			0	OK		
1998	8ACP NAM2	6	HOSSAINI'S NAD 557.692	20040514	2						79,900	49,963	29,937	29,937		29,937			0	OK		
1998	8ACP NAM2	18	NAM/HRD/06/02 - NANCA CONSTRUCTION - 8.962.198,52	20020831	7		54,951	54,951			843,000	788,049	54,951			0			0	OK		
1998	8ACP NAM2	23	AWP 2003 (13/01/2003-31/12/2003); 14,963,390 NAD	20031231	7		59	59			2,202,260	2,202,201	59			0			0	OK		
<b>Total Individual Commitment</b>													7,108,060	6,755,444	352,616			0		0	OK	
1998	8ACP NAM3	0	TA TO THE NAO OFFICE (+ 7NAM052 + 8NAM012)	20001130		N	137,494	137,494			370,000	232,506	137,494			0			0	OK		
1998	8ACP NAM3	1	ROBBENGTZ 1.7.98-31.12.99 + 8NAM012/340000(EAC: 7NAM052/01)	20020101	8		34,180	34,180			232,506	198,326	34,180			0			0	OK		
<b>Total Individual Commitment</b>													232,506	198,326	34,180			0		0	OK	
1998	8ACP NAM4	0	SADC REGIONAL MONIT.-CONTROL-SURVEILL. OF FISHING+8RAU001	20061231		N					840,000	511,877	328,123			0			0	OK		
1998	8ACP NAM4	1	NAM/SADC-MCS/01/2001 - LUX-DEVELOPMENT - 1.110.869,28 NAD	20060206	1		0				180,000	0	180,000	0	0	0			0	OK		
1998	8ACP NAM4	3	WP 04 09/02-03/03 - EC SADC MCS PMU - 26.875 EURO	20030331	7		11,143	11,143			26,875	15,732	11,143	0	0	0			0	OK		
1998	8ACP NAM4	4	WP 05 APR 03 - MAR 04	20040331	1		0				299,000	157,386	141,614	141,614	0	141,614			0	OK		
<b>Total Individual Commitment</b>													505,875	173,118	332,757			0		0	OK	
1999	7ACP NAM64	0	SUPPORT TO CROP SEED PRODUCTION + RESEARCH IN	20030630	7	N	128,086	128,086			810,000	681,914	128,086			0			0	OK		
1999	7ACP NAM64	1	AGRISYSTEM NAD 3.404.000	20030605	7		80,000	80,000			540,000	392,306	147,694	67,694	0	67,694			0	OK		
<b>Total Individual Commitment</b>													540,000	392,306	147,694			0		0	OK	
1999	8ACP NAM6	0	RESEARCH EXTENSION MANAGEMENT PROGRAMME	20041231	1	N					7,450,000	7,160,686	289,314			0			0	OK		
1999	8ACP NAM6	1	DARUDEC NAM/ARD/24/99-4 Y. + RIDER 1	20040331	1		0				2,558,000	2,126,082	431,918	431,918	0	431,918			0	OK		
1999	8ACP NAM6	11	WP 2003/2004: MINISTRY OF AGRICULTURE 9,701,000 NAD	20040331	1		0				917,567	878,728	38,839	38,839	0	38,839			0	OK		
<b>Total Individual Commitment</b>													3,475,567	3,004,810	470,756			0		0	OK	

# Forecasts 2004 – 2005 / Extensions, Decommits and Payments

Namibia										SITUATION 31 December 2003			FORECAST 2004			FORECAST 2005			A L A R M	
no dormant projects				Amounts in €		2004		Decomm 2004: Estimation risk factor			Global Commitment	Indiv. Commitment	RAC	1 <sup>st</sup> Semester	2 <sup>nd</sup> Semester	TOTAL	1 <sup>st</sup> Semester	2 <sup>nd</sup> Semester		TOTAL
YEAR global commit.	Accounting number (global commit.)	N° indiv Commit	Title Project (Global Commitment)	date end implementation	N° Category old RAL	extension to be requested Y/N*	Amount to be decommit- ted (D)	Low L	Medium M	High H	ongoing indiv. Commitments	Payments on ongoing indiv. Commitment	RAP	PAYMENTS A	PAYMENT S B	PAYMENTS A+B	PAYMENTS A	PAYMENTS B		PAYMENTS A+B
							Amounts in Euro													
1999	8ACP NAM9	0	TRADE & INVESTMENT DEVELOPMENT PROGRAMME	20031231		N	38,559	38,559			3,600,000	3,561,441	38,559			0			0	OK
1999	8ACP NAM9	2	ACE AGRAR CONSULTING NAD 11.199.017	20031215	7		50,000	50,000			2,055,517	1,677,432	378,085	328,085		328,085			0	OK
1999	8ACP NAM9	7	WP 1.8.02-31.7.03 - MIN OF TRADE & INDUSTRY - 3.000.000	20030731	7		1,546	1,546			317,000	315,454	1,546			0			0	OK
1999	8ACP NAM9	8	PHASING-OUT WORK PR (01/08 - 30/09/2003) 160,000 NAD	20030930	7		17,300	17,300			17,300	0	17,300			0			0	OK
1999	8ACP NAM9	9	FINAL WP 01/10/03 - 15/12/03 395,000 NAD	20031215	5		2,717	2,717			42,600	39,883	2,717			0			0	OK
Total Individual Commitment											2,432,417	2,032,770	399,647			0			0	OK
2000	7ACP NAM67	0	FS, DESIGN AND PREPARATION OF TENDER DOCUMENTATION	20001105		N	73,299	73,299			140,000	66,701	73,299			0			0	OK
2000	8ACP NAM11	0	SUPPORT FOR STD AND HIV/AIDS ACTIVITIES IN NAMIBIA	20041231		N					1,350,000	1,336,661	13,339			0			0	OK
2000	8ACP NAM11	4	NAM/HIV/09/2002 - KIT - 3.686.503.52	20040407	1		20,000		20,000		372,000	102,455	269,545	169,545	80,000	249,545			0	OK
2000	8ACP NAM11	5	CE 1/6/02-31/03/02 - MIN.OF HEALTH & SOC.SERV. - 2.411.850	20030331	7		108,572	108,572			265,000	156,428	108,572			0			0	OK
2000	8ACP NAM11	7	MINISTRY OF HEALTH & SOCIAL SERVICES NAD 2897247	20040331	1		32,590	32,590			312,000	279,410	32,590			0			0	OK
Total Individual Commitment											949,000	538,293	410,707			0			0	OK
2000	8ACP NAM12	0	ASSISTANCE TO/STRENGTHEN. OF NAO'S OFFICE	20020331		N	60,000	60,000			400,000	340,000	60,000			0			0	OK
2000	8ACP NAM12	1	ROBBEN/GTZ (EUR 374180, OF WHICH 34180 COMMITTED IN	20020331	8		35,837	35,837			340,000	304,163	35,837			0			0	OK
Total Individual Commitment											340,000	304,163	35,837			0			0	OK
2000	8ACP NAM17	0	MULTIANNUAL MICROPROJECTS PROGRAMME NAMIBIA	20041031	1	N					4,000,000	3,558,414	441,586			0			0	OK
2000	8ACP NAM17	2	SC NAM/MMP/09/2001 - JAN VAN HAAFTEN - 1.819.386 NAD	20050131	1		162,869	162,869			546,000	313,131	232,869	70,000	0	70,000			0	OK
2000	8ACP NAM17	9	WORK PROGRAMME 2003 ADMIN. (01/01-31/12/03); 3,437,000 NAD	20031231	1		123,688	123,688			378,000	254,312	123,688	0	0	0			0	OK
2000	8ACP NAM17	10	WORK PROGRAMME 2003 PROJECT (01/01-31/12/03);	20031231	1		400,000	400,000			1,572,000	1,082,967	489,033	0	0	0			0	OK
Total Individual Commitment											2,496,000	1,650,410	845,590			0			0	OK
2001	8ACP NAM23	0	NATIONAL AGRICULTURAL SERVICES SUPPORT PROGRAMME	20050301	1	Y					6,000,000	4,154,725	1,845,275			0			0	OK
2001	8ACP NAM23	1	NATRURAL RESOURCES INSTITUTE LTD NAD 20.655.832	20060131	1		0	0			2,174,000	494,008	1,679,992	135,000	135,000	270,000	135,000	135,000	270,000	OK
2001	8ACP NAM23	3	MINISTRY OF AGRICULTURE WATER & RURAL DEV 1319500 NAD	20030630	7		95,846	95,846			143,000	47,154	95,846	0	0	0	0	0	0	OK
2001	8ACP NAM23	4	WP (01/07/2003 - 31/03/2004)	20040331	1		1,032,892	1,032,892			1,801,000	768,108	1,032,892	0	0	0	0	0	0	OK
Total Individual Commitment											4,118,000	1,309,270	2,808,730			0			0	OK
2001	8ACP NAM24	0	UPGRADING NAMIBIAN MARITIME & FISHERIES INSTITUTE AT WALVIS	20061031		N					1,900,000	804,610	1,095,390			0			0	OK
2001	8ACP NAM24	1	NAM/FTC/02/02 - FISHERIES TRAINING INSTITUTE - 342.124	20040215							75,500	67,057	8,443	0	8,443	8,443			0	OK
2001	8ACP NAM24	2	NAM/FTC/03/02 - WINDHOEK CONSULTING ENGINEERS - 274.031	20030115							30,200	17,805	12,395	5,000	4,395	9,395	3,000		3,000	OK
2001	8ACP NAM24	3	NAM/FTC/11/2002 - Q.E. CONSTRUCTION CC - 4.055.828.88	20021119							698,910	638,204	60,706	0	60,706	60,706			0	OK
Total Individual Commitment											804,610	723,066	81,544			0			0	OK
2001	8ACP NAM27	0	INTERIM ASSISTANCE TO THE OFFICE OF THE NAO	20031231		N	40,500	40,500			210,000	169,500	40,500			0			0	OK
2001	8ACP NAM27	4	NAM/NAO/09/2003; MARK TODD 47,057.80 NAD	20031031	2						5,600	4,080	1,520	1,520		1,520			0	OK
Total Individual Commitment											5,600	4,080	1,520			0			0	OK

# Forecasts 2004 – 2005 / Extensions, Decommits and Payments

Namibia										SITUATION 31 December 2003			FORECAST 2004			FORECAST 2005			A L A R M				
no dormant projects										Decomm 2004: Estimation risk factor			Global Commitment	Indiv. Commitment	RAC	1 <sup>st</sup> Semester	2 <sup>nd</sup> Semester	TOTAL		1 <sup>st</sup> Semester	2 <sup>nd</sup> Semester	TOTAL	
YEAR global commit.	Accounting number (global commit.)	N° indiv Commit	Title Project (Global Commitment)	Amounts in €	date end implementation	N° Category old RAL	extension to be requested Y/N*	Amount to be decommit- ted (D)	Amounts in Euro			ongoing indiv. Commitments	Payments on ongoing indiv. Commitment	RAP	PAYMENTS A	PAYMENT S B	PAYMENTS A+B	PAYMENTS A		PAYMENTS B	PAYMENTS A+B		
								Low L	Medium M	High H	D=L+M+H												
2002	7ACP NAM76	0	RURAL TOWN SEWERAGE SCHEME - KARASBURG		20070731		N					1,550,000	1,362,200	187,800				0			0	OK	
2002	7ACP NAM76	1	STEWART SCOTT 494439.4 NAD		20050729							63,200	6,460	56,740	40,000	10,200	50,200			0		OK	
2002	7ACP NAM76	2	NAM/RTSS/04/2003; HR TECH.SERVICES; 12060140.3 NAD		20040604							1,299,000	377,931	921,069	622,600	233,469	856,069			0		OK	
Total Individual Commitment												1,362,200	384,392	977,808				0			0	OK	
2002	8ACP NAM25	0	SOCIO-ECONOMIC INTEGRATION OF EX-COMBATANTS		20040701		N					1,242,000	1,091,603	150,397				0			0	OK	
2002	8ACP NAM25	2	Ministry of basic & higher education		20040331							964,000	718,626	245,374	245,374		245,374				0	OK	
Total Individual Commitment												964,000	718,626	245,374				0			0	OK	
2002	8ACP NAM30	0	TECHNICAL ASSISTANCE TO NAO-RURAL PROFILE STRATEGIC		20040331		Y					185,000	183,500	1,500				0			0	OK	
2002	8ACP NAM30	1	HENDERSON NAD 1316016 12.5MOIS DEBUT 06/08/2002		20030905	7						145,000	126,966	18,034	18,034		18,034				0	OK	
2002	8ACP NAM30	2	WP/CE 2002/03 - NATIONAL PLANNING COMMISSION - 350.000		20040514	7						38,500	21,985	16,515	16,515		16,515				0	OK	
Total Individual Commitment												183,500	148,951	34,549				0			0	OK	
2002	8ACP NAM31	0	CAPACITY BUILDING FOR DEVELOPMENT PLANNING		20081231		N					3,200,000	1,620,971	1,579,029				0			0	OK	
2002	8ACP NAM31	1	WP/CE NO 1 (AUG - SEPT 2003) 346,206 NAD		20030930	7		13	13			42,800	42,787	13				0			0	OK	
2002	8ACP NAM31	2	SER; HELSINKI CONSULTING GROUP; 13,297,336 NAD		20070630	1						1,432,000	271,346	1,160,654	100,000	100,000	200,000	100,000		200,000	300,000	OK	
2002	8ACP NAM31	3	WP-CE II (9 OCT 2003 - 31 MARCH 2004)		20040331	1		6,444	6,444			146,171	139,726	6,444				0			0	OK	
Total Individual Commitment												1,620,971	453,860	1,167,111				0			0	OK	
2002	8ACP NAM32	0	FEASIBILITY STUDY FOR THE RURAL DEVELOPMENT PROGRAMME IN NAM		20040101		N					300,000	249,011	50,989				0			0	OK	
2002	8ACP NAM32	1	SER; IAK AGRAR CONSULTING 2,137,219 NAD		20040103	7						249,011	0	249,011	249,011	0	249,011	0		0	0	OK	
Total Individual Commitment												249,011	0	249,011				0			0	OK	
2003	9ACP NAM1	0	FEASIBILITY STUDY FOR EC HIV/AIDS RESPONSE UNDER EDF 9		20051130		N	1,800	1,800			38,000	36,200	1,800				0			0	OK	
2003	9ACP NAM1	1	NAM/HIV/06/2003; HERA 309,875,28 NAD		20031130	7		550	550			36,200	35,650	550				0			0	OK	
Total Individual Commitment												36,200	35,650	550				0			0	OK	
2003	9ACP NAM2	0	NAMIBIA EDUCATION SECTOR PROGRAMME (ESP) 2003-2007		20090930		N					21,000,000	18,000,000	3,000,000				0			0	OK	
2003	9ACP NAM2	1	BUDGETARY AID 18,000,000 EUR		20070730							18,000,000	0	18,000,000	2,000,000	6,000,000	8,000,000	6,000,000		6,000,000		6,000,000	OK
Total Individual Commitment												18,000,000	0	18,000,000				0			0	OK	
2003	9ACP NAM3	0	RIDER 2 - SUPPORT TO STD AND HIV ACTIVITIES (8 ACP NAM 11)		20041231		N					200,000	200,000	0				0			0	OK	
2003	9ACP NAM3	1	RIDER 2: SERV CONTRACT KIT 2,010,102 NAD		20041107	1						200,000	0	200,000	0	200,000	200,000				0	OK	
Total Individual Commitment												200,000	0	200,000				0			0	OK	
2003	9ACP NAM4	0	TECHNICAL ASSISTANCE TO NAO - RURAL PROFILE STRATEGIC FRAMEW		20060430		N					107,000	107,000	0				0			0	OK	
2003	9ACP NAM4	1	RIDER 1 TO SERVICE CONTRACT NAM/ARD/19/2002 FOR 8 NAM 30		20040430	1		0				107,000	0	107,000	107,000	0	107,000	0		0	0	OK	
Total Individual Commitment												107,000	0	107,000				0			0	OK	
2003	9ACP NAM5	0	RURAL TOWN SEWERAGE SCHEME - LUDERITZ		20110331							0	0	0				0			0	OK	
2003	9ACP NAM6	0	DESIGN & PREP. TENDER DOCUMENTS - WATER RECL. PLANT		20061231							150,000	0	150,000				0			0	OK	

**Forecasts 2004 - 2005**

**New individual commitments (including payments) on ongoing projects**

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**Forecasts 2004 - 2005**

**New global commitments (including individual commitments and payments)**

FORECAST 2004																			
Namibia				1 <sup>st</sup> Semester		2 <sup>nd</sup> Semester		TOTAL		Payments 2004 estimation risk factor			1 <sup>st</sup> Semester		2 <sup>nd</sup> Semester		TOTAL		
				Amount in €		RISK		indiv comm A	payments B	indiv comm C	payments D	indiv comm A+C	payments B+D	Low L	Medium M	High H	indiv comm A	payments B	indiv comm C
Title	Project (Global Commitment)	Month 2004	Amount	RISK															
<b>TOTAL</b>				<b>64,700,000</b>	<b>200,000</b>	<b>25,000</b>	<b>3,969,000</b>	<b>770,000</b>	<b>4,169,000</b>	<b>795,000</b>	<b>460,000</b>	<b>335,000</b>	<b>0</b>	<b>7,833,000</b>	<b>2,968,000</b>	<b>10,200,000</b>	<b>4,946,000</b>	<b>18,033,000</b>	<b>7,914,000</b>
Technical Cooperation Facility (TCF)		January	2,000,000	1	200,000	25,000	100,000	35,000	300,000	60,000	60,000			200,000	50,000	200,000	100,000	400,000	150,000
Trade and Regional Integration Programme (NTRIP)		April	3,000,000	1			1,400,000	200,000	1,400,000	200,000	200,000			300,000	150,000		200,000	300,000	350,000
Capacity Development for HIV/AIDS Response		April	3,200,000	1			1,400,000	200,000	1,400,000	200,000	200,000			300,000	150,000		200,000	300,000	350,000
Rural Dev		October	28,000,000	2	0	0	0	0	0	0				5,000,000	1,500,000	10,000,000	3,500,000	15,000,000	5,000,000
Rural Dev ("SYSMIN")		October	25,000,000	2	0	0	0	0	0	0				0	0	0	0	0	0
Sewerage Scheme Lüderitz		February	3,500,000	1			1,069,000	335,000	1,069,000	335,000		335,000		2,033,000	1,118,000	0	946,000	2,033,000	2,064,000

## Pipeline 2003 - 2007

9<sup>th</sup> EDF

### Namibia

AIDCO Unit	Task Manager	EDF or LB	Title of Project	2003	2004	2005	2006	2007	Total 2003 - 2007	Comments
C1	Riehm A.	9A	Technical Cooperation Facility (TCF)	0	2,000,000	0	0	0	2,000,000	
C3	Alonso P.	9A	Trade and Regional Integration Programme	0	3,000,000	0	0	0	3,000,000	
C4	Soezen Y	9B	Public Financial Management Reform	0	0	8,000,000	0	0	8,000,000	To be agreed in the MTR
C5	Bravo Hevia B.	9A	Education Sector Programme	21,000,000	0	0	0	0	21,000,000	Approved
C5	Valente J.	9A	Capacity development for HIV/AIDS	0	3,200,000	0	0	0	3,200,000	Ceiling increase, in the circuit since 15/7
C5	Valente J.	9A	Study: EC HIV/AIDS response under 9 EDF	38,000	0	0	0	0	38,000	Delegation DAG 38,000
C6	Guillon B.	9A	Rural Dev	0	28,000,000	0	0	0	28,000,000	
C6	Guillon B.	9A	Rural Dev ("SYSMIN")	0	25,000,000	0	0	0	25,000,000	
C7	Ingelbrecht C	9A	Sewerage Scheme Lüderitz	0	3,500,000	0	0	0	3,500,000	
C7	Ingelbrecht C	9A	Design & Prep. Tender Documents - Water Recl. Plant Luderitz	150,000		0	0	0	150,000	Delegation DAG 150,000
<b>TOTAL</b>				21,188,000	64,700,000	8,000,000	0	0	93,888,000	

## Annex VIII: Migration profile Namibia

### *Immigrants*

<b><u>Total number of residents</u></b>	1.83 million (Census)
<b>Of which: Own nationals</b>	1.77 million (96.7)(Census)
<b>Immigrants</b>	0.05 million (3.1%) (Census)

### **Status of immigrants**

<b>Refugees</b>	50% (26,000 refugees in 2003) (UNHCR)
<b>Labour migrants /permanent</b>	N/A
<b>Labour migrants/seasonal</b>	N/A

**Number of work permits issued to foreign nationals in 2001** 2714

**Number of work permits issued to foreign nationals in 2002** 5830

**Number of work permits issued to foreign nationals in 2003** 6248

### **Countries with highest influx**

South Africa, China, Germany, Philippines, Spain, USA and Zimbabwe

*Source: Ministry of Home Affairs*

### **Undocumented migration**

No data available but it is assumed that there is undocumented migration from Angola, Zambia and Zimbabwe.

**p.m. internally displaced persons** N/A

### **Immigration trend**

4% of the population currently residing in Namibia was born outside the country. (Census)

**Number of arriving immigrants in 90/95** N/A

**Number of arriving immigrants in 95/2000** N/A

**Total number of foreigners entering Namibia in 2001** 861,184  
**Of these entries, tourists accounted for** 670,446 or 78%

**Total number of foreigners entering Namibia in 2002** 947,768  
**Of these entries, tourists accounted for** 757,201 or 80%

*Source: Ministry of Environment and Tourism*

### **Refugee entries**

2243 new asylum seekers entered into Namibia in year 2003. 3 Namibian refugees were repatriated from Botswana in year 2003. (UNHCR)

### **Education**

**Skilled labour** N/A

### **Main countries of origin (of immigrants)**

Angola (43%), South Africa (12%) and Zambia (9%) (Census)

### **Rate of return**

4423 refugees or asylum seekers were repatriated from Namibia in 2003, mostly to Angola. (UNHCR)

### **Finance**

**Amount of outgoing migrant remittances** N/A

**Remittances as % of GDP** N/A

## ***Emigrants***

**Total number of emigrants** 1% of Namibians do not live in Namibia usually (Census). Data for the total number of emigrants is not available.

## **Status emigrants**

### **Refugees**

In 2003, approx. 1000 Namibian refugees were in Botswana and 3 were repatriated. (UNHCR)

**Labour migrants /permanent** N/A

**Labour migrants/seasonal** N/A

## **Legal situation emigrants**

**Documented** No data available but assumed to be limited.

**Undocumented** No data available but assumed to be limited.

A survey in 1998 concluded that Namibians have a low propensity to migrate to South Africa, even though South Africa is remains the most accessible and likely destination for work. This suggests that there are few documented Namibians working outside the country.

As concerns undocumented emigration, it is assumed to be limited and associated more with private/social objectives than with economic interests. It is estimated that there are fewer than 20,000 unauthorised Namibians in South Africa.

*Source: The Southern African Migration Project, "Mobile Namibia: Migration Trends and Attitudes", Migration Policy Series No. 27.*

## **Trend**

**Number of leaving migrants in 90/95** N/A

**Number of leaving migrants in 95/2000** No data available but above data suggests that Namibians go abroad to visit friends and relatives rather than to work and are therefore likely to return.

## **Education:**

**Skilled labour** N/A

## **Main countries of destination**

South Africa, Zambia, Zimbabwe and Botswana

**Rate of return** N/A

## **Finance**

**Amount of incoming migrant remittances** US\$11 million in 1998

**Remittances as % of GDP** N/A

## Annex IX: LIST OF ACRONYMS AND ABBREVIATIONS

<b>ACP</b>	Africa, Caribbean, Pacific
<b>ADC</b>	Agricultural Development Centre
<b>ARV</b>	Anti retro-viral
<b>AU</b>	African Union
<b>BLNS</b>	Botswana, Lesotho, Namibia and Swaziland
<b>BoN</b>	Bank of Namibia
<b>BWI</b>	Bretton Woods Institutions
<b>CAP</b>	Common Agricultural Policy
<b>CEI</b>	Core Environmental Indicators
<b>CSP</b>	Country Strategy Paper
<b>DBN</b>	Development Bank of Namibia
<b>DDD</b>	Decentralised Demand Driven actions
<b>DEA</b>	Directorate of Environmental Affairs
<b>DIP</b>	Decentralisation Implementation Plan
<b>DoP</b>	Directorate of Planning
<b>DP</b>	Development Partner
<b>DWA</b>	Department of Water Affairs
<b>EA</b>	Environmental Assessment
<b>EDF</b>	European Development Fund
<b>EFA</b>	Education for All
<b>EIB</b>	European Investment Bank
<b>EISP</b>	Economic Integration Support Programme
<b>EMIN</b>	Environmental Monitoring and Indicators Network
<b>EMIS</b>	Education Management Information System
<b>EPA</b>	Economic Partnership Agreement
<b>ESP</b>	Education Sector Programme
<b>ESPAG</b>	Education Sector Planning and Advisory Group
<b>EU-TDCA</b>	EU Trade and Development Cooperation Agreement (with South Africa)
<b>FA</b>	Financing Agreement
<b>FDI</b>	Foreign Direct Investment
<b>FIM</b>	Facility Implementation Manual
<b>FSC</b>	Facility Steering Committee
<b>FSRE</b>	Farming Systems Research & Extension
<b>FVO</b>	Food and Veterinary Office
<b>GER</b>	Gross enrolment ratio
<b>GMO</b>	Genetically Modified Organism
<b>GRN</b>	Government of the Republic of Namibia
<b>HAMU</b>	HIV and AIDS Management Unit
<b>HDI</b>	Human Development Index
<b>HIS</b>	Health Information System
<b>HPI</b>	Human Poverty Index
<b>HRCDP</b>	Namibia HIV/AIDS Response Capacity Development Programme
<b>IFMS</b>	Integrated Financial Management Systems
<b>IGCSE</b>	International General Certificate of Secondary Education
<b>IMF</b>	International Monetary Fund
<b>INA</b>	Institutional Needs Assessment
<b>IPPR</b>	Institute of Public Policy Research
<b>ISO</b>	International Standards Organisation
<b>JSC</b>	Junior Secondary Certificate
<b>LRRD</b>	Linking Relief, Rehabilitation and Development
<b>LT TA</b>	Long-Term Technical Assistance
<b>LTR</b>	Learner-teacher Ratio
<b>MAWRD</b>	Ministry of Agriculture, Water and Rural Development

<b>MBESC</b>	Ministry of Basic Education, Sport and Culture
<b>MC</b>	Management Committee
<b>MCS</b>	Monitoring, Control and Surveillance
<b>MDF</b>	Minerals Development Fund
<b>MDG</b>	Millennium Development Goal
<b>MET</b>	Ministry of Environment and Tourism
<b>MHETEC</b>	Ministry of Higher Education, Training and Employment Creation
<b>MLRR</b>	Ministry of Lands, Resettlement and Rehabilitation
<b>MME</b>	Ministry of Mines and Energy
<b>MoF</b>	Ministry of Finance
<b>MoF</b>	Ministry of Finance
<b>MOHSS</b>	Ministry of Health and Social Services
<b>MOU</b>	Memorandum of Understanding
<b>MRLGH</b>	Ministry of Regional and Local Government and Housing
<b>MTEF</b>	Medium Term Expenditure Framework
<b>MTI</b>	Ministry of Trade and Industry
<b>MTP</b>	Medium Term Plan
<b>MWTC</b>	Ministry of Works, Transport and Communication
<b>NaCCATuM</b>	Namibia Coordinating Committee for AIDS, Tuberculosis and Malaria
<b>NACOP</b>	National AIDS Coordination Programme
<b>NAEC</b>	National AIDS Executive Committee
<b>NAU</b>	Namibian Agriculture Union
<b>NCA</b>	Northern Communal Areas
<b>NCCI</b>	Namibia Chamber of Commerce and Industry
<b>NDP2</b>	Second National Development Plan
<b>NEPAD</b>	New Partnership for Africa's Development
<b>NEPRU</b>	Namibia Economic Policy Research Unit
<b>NER</b>	Net enrolment ratio
<b>NIC</b>	Namibia Investment Centre
<b>NIMT</b>	Namibia Institute for Mining and Technology
<b>NIP</b>	National Indicative Programme
<b>NLFS</b>	Namibia Labour Force Survey
<b>NNADIS</b>	Northern Namibian Animal Disease Information System
<b>NNFSGC</b>	Northern Namibia Farmers Seed Growers Cooperative
<b>NNFU</b>	Namibian National Farmer Union
<b>NP</b>	National Park
<b>NPC</b>	National Planning Commission
<b>NPCS</b>	National Planning Commission Secretariat
<b>NPRAP</b>	National Poverty Reduction Action Programme
<b>NQA</b>	National Qualifications Authority
<b>NSA</b>	Non-State Actor
<b>NTA</b>	Namibia Training Authority
<b>NTRIP</b>	Namibia Trade and Regional Integration Programme
<b>ODC</b>	Offshore Development Company
<b>PEMP</b>	Performance and Efficiency Management Programme
<b>PFM</b>	Public Finance Management
<b>PLWHA</b>	People Living With HIV/AIDS
<b>PMU</b>	Programme Management Unit
<b>PRS</b>	Poverty Reduction Strategy
<b>PSIP</b>	Public Sector Investment Programme
<b>RAC</b>	Regional AIDS Coordinator
<b>RDCC</b>	Regional Development Coordinating Committee
<b>RDP</b>	Regional Development Plan
<b>RMFTT</b>	Rural Micro Finance Task Team
<b>RPSF</b>	Rural Profile and Strategic Framework
<b>SACU</b>	Southern African Customs Union

<b>SADC</b>	Southern African Development Community
<b>SAR</b>	Southern Africa Region
<b>SBCGT</b>	Small Business Credit Guarantee Trust
<b>SHPA</b>	Senior Health Programme Administrator
<b>SME</b>	Small and Medium-sized Enterprise
<b>SPS treatment</b>	Sanitary and Phyto-Sanitary treatment
<b>SRF</b>	State Revenue Fund
<b>ST TA</b>	Short-term Technical Assistance
<b>SWAp</b>	Sector-Wide Approach
<b>SWAPO</b>	South West Africa People Organisation
<b>TA</b>	Technical Assistance
<b>TAS</b>	Technical and Administrative Support
<b>TOT</b>	Training of Trainers
<b>TRA</b>	Trade Related Assistance
<b>UNAM</b>	University of Namibia
<b>VET</b>	Vocational Education and Training
<b>VTC</b>	Vocational Training Centre
<b>WBC</b>	Walvis Bay Corridor
<b>WBCG</b>	Walvis Bay Corridor Group
<b>WTO</b>	World Trade Organisation