

# **Namibia - European Community**

## **Joint Annual Report**

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**Government of Namibia  
National Planning  
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## Abbreviations

AALS	Affirmative Action Loan Scheme	MAWF	Ministry of Agriculture, Water and Forestry
ACC	Anti-Corruption Commission	MCA	Millennium Challenge Account
AIDS	Acquired immune deficiency syndrome	MCC	Millennium Challenge Corporation
ART	Anti-retroviral treatment	MDG	Millennium Development Goal
(B)BEE	(Broad-based) black economic empowerment	MET	Ministry of Environment and Tourism
BLNS	Botswana, Lesotho, Namibia and Swaziland	MLR	Ministry of Lands and Resettlement
CBO	Community-based organization	MoE	Ministry of Education
CMA	Common Monetary Area	MoF	Ministry of Finance
COMESA	Common Market for Southern and Eastern Africa	MoHSS	Ministry of Health and Social Services
COSDEC	Community Skills Development Centre	MS	Member States (of the EU)
DDC	Directorate of Development Cooperation	MTEF	Medium-term Expenditure Framework
DDDA	Decentralised demand-driven action	MTI	Ministry of Trade and Industry
DDP	Directorate of Development Planning	MTR	Mid-term review
DoF	Directorate of Forestry	MWTC	Ministry of Works, Transport and Communication
DP	Development partner	NA	National Assembly
DRC	Democratic Republic of Congo	NANGOF	Namibia NGO Forum
ECN	Electoral Commission of Namibia	NC	National Council
EIB	European Investment Bank	NDF	Namibian Defence Force
EPA	Economic Partnership Agreement	NDP2	Second National Development Plan
ETR	End-of-term review	NDP3	Third National Development Plan
ETSIP	Education and Training Sector Improvement Programme	NHIES	National Household Income and Expenditure Survey
FCR	Food consumption ratio	NPCS	National Planning Commission Secretariat
FDI	Foreign direct investment	NPRAP	National Poverty Reduction Action Programme
GDP	Gross domestic product	NSA	Non-state actor
GEF	Global Environment Facility	ODA	Official development assistance
GRN	Government of the Republic of Namibia	OVC	Orphans and vulnerable children
HIPC	Heavily Indebted Poor Countries	OVI	Objectively verifiable indicator
HIV	Human Immunodeficiency Virus	PCD	Policy coherence for development
HoM	Head of Mission	PEPFAR	President's Emergency Plan for AIDS Relief
ICT	Information and communication technology	PLAN	People's Liberation Army of Namibia
IDA	International Development Association	PMS	Performance Management System
ILO	International Labour Organisation	PoN	Polytechnic of Namibia
IMF	International Monetary Fund	PPA	Participatory poverty assessment
KfW	Kreditanstalt für Wiederaufbau	PPP	Public/private partnership
LDC	Least developed country		

PRS	Poverty reduction strategy
PTT	Permanent technical team
RPP	Regional poverty profile
RPRP	Rural Poverty Reduction Programme (EU)
SA	Republic of South Africa
SACU	Southern African Customs Union
SADC	Southern African Development Community
RISDP	Regional Indicative Strategic Development Plan (for SADC)
SIDA	Swedish International Development Agency
SME	Small or medium-sized enterprise
SOE	State-owned Enterprise
SPS	Sanitary and phyto-sanitary
SWAp	Sector-wide approach
SWAPO	South West African People's Organisation
TCF	Technical Cooperation Facility
TDCA	Trade, Development and Cooperation Agreement
UNAM	University of Namibia
UNDP	United Nations Development Programme
USA	United States of America
USAID	United States Agency for International Development
USD	US dollar
VCF	Veterinary Cordon Fence
VET	Vocational Education and Training
VTC	Vocational Training Centre

### 1.1 Update on the political situation

Since his entry into office, President Hifikepunye Pohamba has made the **fight against corruption** a central theme of his Government. In March, he launched a "zero tolerance for corruption campaign" which was accompanied by the establishment of the Anti-corruption Commission (ACC) nearly two-and-a-half years after the passing of Namibia's Anti-corruption Act 2003 by Parliament. Despite the strong political will, the implementation of anti-corruption measures brought about serious challenges that the Government of the Republic of Namibia is committed to tackle head-on.

The **decentralisation** process is hampered by the lack of financial and human resources and thus progress is slow. Several years after the Decentralisation Enabling Act (Act 33 of 2000) was tabled, the Regional Councils and Local Authorities have yet to undergo effective decentralisation and empowerment. The Regional Council and Local Authorities, together with the central government have continued to pursue necessary ground work in favour of decentralisation.

President Pohamba attended the **60<sup>th</sup> United Nation General Assembly** in New York in September 2006. In his speech, he requested the UN and international community to continue to support the people of DRC during their country's democratic transition process. On the same occasion, he also underlined the need for reform and expansion of the Security Council and confirmed Namibia's support for the Common African Position on this matter.

Namibia's international and bilateral relations saw some remarkable reinforcement, most importantly maybe with China. In November, President Pohamba attended the **Beijing Summit** of the Forum on China-Africa Cooperation (FOCAC). In his speech which preceded the adoption of the Beijing Declaration, he mentioned that Africa could draw important lessons from China's success stories. Particular reference was made to manufacturing and value addition to the country's natural resources. He further stated that *"there is a historic imperative to mould and implement deeper strategic cooperation through which objectives of socio-economic development, industrialisation and the Millennium Development Goals can be achieved"*. Eventually, he mentioned that Namibia fully subscribes to the Action Plan that charts the course for China-Africa cooperation in the areas of political and economic cooperation, as well as cooperation in social development and international affairs. The co-operation also expanded rapidly with the USA with support for HIV/Aids from PEPFAR amount to over US\$ 70 million and negotiations starting on a "compact" with the Millenium Challenger Corporation (MCC).

The **two Caprivi high treason trials** are still evolving very slowly. For the main trial, 2006 has been a marathon of 68 testimony hearings. By the end of the year, 87 witnesses have testified for the prosecution. The trial, which started in 2004 after years of procedural delays, was postponed for much of 2005 after a prosecuting lawyer died and two of her colleagues were seriously injured in a car accident in March. Police officers accused of torturing suspects in the wake of the uprising will be subject to the law following its course on this matter. The 12 men facing charges<sup>1</sup> in the second Caprivi high treason trial cannot at this stage appeal against a ruling that dismissed their bid to be acquitted at the close of the prosecution's case against them. These defendants argued -unsuccessfully- that they have been denied due process by both the Namibian and Botswana governments.

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<sup>1</sup> The 12 face six charges, including counts of high treason, sedition, public violence and illegal importation and possession of firearms and ammunition, in connection with allegations that between September 1998 and December 2003 they had been part of a plan to secede the Caprivi Region.

## 1.2 Land reform

Out of Namibia's 70m ha of agricultural land 34m ha is communal land, with the highest carrying capacity used by "previously disadvantaged" Namibians. 36m ha is commercial (freehold) land of varying carrying capacity, of which, in 2006, 77% was owned by "previously advantaged", mainly Namibian, farmers (vs. 95% in 1990).

Land reform activities by GRN continued to focus on: (a) land redistribution through the National Resettlement Scheme (NRS), and (b) preferential financing available to disadvantaged Namibians through the Affirmative Action Loan Scheme (AALS) in the commercial sector, and (c) improved tenure security, and introduction of leaseholds, and (d) development of under-utilized land for agricultural purposes in the communal areas.

The pace of land reform is widely perceived as too slow, notably concerning the redistribution of land from "previously advantaged" to "previously disadvantaged" Namibians. Since 1990, previously disadvantaged Namibians have acquired about 835 farms under the official schemes: 210 under the National Resettlement Scheme and 625 under the Affirmative Action Loan Scheme. Transactions also took place on the private market.

A study by NEPRU ("SADC Land and Agrarian Reform Initiatives; the case of Namibia") published by the end of 2006 was widely debated. It claims that not a single resettlement project in Namibia has become sustainable after 5 years of operation and also highlights the loss for the economy because the resettlement farms were used for commercial purposes before. Access to credit and markets, and as well as lack technical and institutional support, and skills training are considered as main bottlenecks for increased productivity of the resettled farms.

The GRN considers the findings of this study problematic, pointing out that given the difficult farming conditions (e.g. low productivity of land, hostile climatic conditions) it would be rather unrealistic to expect a resettlement farm to become economically viable after 5 years. GRN acknowledges and seeks to address problems resettlement farmers are facing concerning the operation of their farms. Skills development, start-up capital and provision of basic equipment are important elements in the assistance to resettlement farmers during the initial stage of their new business.

Following a high default rate of beneficiaries of the AALS (37%) - largely due to the fact that loan amounts far exceeded the production values of many of the farms<sup>2</sup> - and subsequent liquidity problems of the state-owned Agribank in 2003/04, the system was substantially revamped. Under the new AALS conditions, prospective farmers have to pay 10% of the purchase price in advance and loans are issued on the basis of the Government's estimate of a farm's economic value, not as previously according to the market price of the farm. This has led to a decline in the number of farms offered for sale, which is also partly due to the fact that it is not possible to withdraw a farm from the market once it has been offered for sale.

Land reform in the communal area has increasingly been prioritized by GRN since adoption of the Communal Lands Act in 2002. Due to higher productivity of the land in most communal areas, and the fact that the majority of the Namibian population lives there, land reform in the communal areas has a major role with respect to poverty reduction. In 2006, following an information campaign by GRN, applications for registration of communal land rights started to be submitted to the Traditional Authorities, from where they are passed on after endorsement to the Land Boards. The development of underutilized "virgin" land in communal areas was still in an early phase with the preparation of a report on communal lands suggesting that at present there are four million hectares in communal areas that could be developed.

In 2006, Cabinet approval of the so-called "PTT-report" and Action plan marked major progress on land

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<sup>2</sup> Easy access to loans under the AALS enticed previously disadvantaged Namibians to buy farms at inflated prices, which is proving a problem for many of them in the medium to long term, while it allowed the sellers (labelled "previously advantaged") to achieve very favourable returns.

reform policies, which was much welcome by all stakeholders. The Permanent Technical Team (PTT) had been established in 2003 with the aim of reviewing the existing legal and policy framework of land reform, assessing its economic, institutional and environmental sustainability as well as setting up an action plan for Namibia. The report submitted in 2005 can be seen as thorough analysis of land reform since independence and has been used for future Government planning and policies.

The PTT action plan sets increased acquisition/redistribution targets for commercial farmland. 15 million ha shall be redistributed by 2020, resulting in about 1 million ha each year which are more or less 200 farms (average farm size in Namibia are 5000 ha). Considering the pace of land redistribution in the past (about 4.5 million ha in 15 years since Independence) and taking into account capacity problems at Ministry of Lands and Resettlement and other GRN stakeholders these targets are certainly ambitious.

Adoption of the PTT report further implies that (a) the willing seller-willing buyer concept will remain an integrated part of the land reform process. (b) more attention will be paid to ensuring sustainability of resettlement schemes appropriate beneficiary selection, support packages and integrated resource management (c) the AALS should be strengthened and (d) stakeholder collaboration will be strengthened through regular consultations and policy coordination amongst line ministries will be strengthened.

It is nevertheless important to recall that the potential of land reform in Namibia is limited by its fragile ecological conditions, requiring higher consideration be given to the environmental aspects and the reconstruction of farm land degraded by bush encroachment.

### **1.3 Human rights, rule of law, good governance and fight against corruption**

A number of ethnic groups in Namibia, e.g. the Herero and Nama people, are demanding reparations from Germany for colonial-era atrocities.

Namibia's respect for **human rights** is on good track, and the Namibia Society for Human Rights (NSHR) plays the role of an overall watch dog over the civil and political situation in Namibia. The NSHR claim that minority groups that have been historically marginalised find it difficult to partake in the political and social life and seize the socio-economic and political opportunities due to geographic and cultural barriers and lack of education. In order to address this situation, the San Community is enjoying special attention from GRN through the provision of housing, free primary to tertiary education, farming units and craft projects.

The allocation of resources to regions is not done on an equal basis since each region is unique in their stage of development and also in terms of submitting project proposals. GRN believes its policies benefit the Namibian people as a whole, but recognise that the system of allocating resources to regions needs to be improved and is therefore in the process of developing criteria and financial guidelines allocating resources.

The Second World War brought about a group representing the Khoisan people to be among the groups demanding reparations from Germany for colonial-era atrocities. Some groups have already filed a \$2 billion lawsuit in the United States seeking reparations<sup>3</sup> for similar abuses.

In the 2006 Transparency International Corruption Perception's Index, indicated a drop in Namibia's ranking to position 55 out of 163 countries<sup>4</sup>, as compared to 47 out of 158 countries in 2005. Its confidence score also fell from 4.3 (2005) to 4.1 points in 2006<sup>5</sup>, back to its 2004 level. Namibia's rating in corruption perception index of Transparency International has fallen to 4.1 in 2004 compared to 4.7 in 2003.

The Anti-Corruption Commission's (ACC) was inaugurated by H.E. President Hifikepunye Pohamba on

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<sup>3</sup> In 2004, the German government had apologized for atrocities committed against the Herero people but had ruled out reparations, promising increased development aid instead.

<sup>4</sup> 1 = least corrupt, 146 = most corrupt. The surveys reflect the perceptions of business people, academics and country analysts.

<sup>5</sup> where 10 is "highly clean" and 0 is "highly corrupt"

1st February 2006. Its establishment is provided for in the Anti-Corruption Act of 2003. One year after its inauguration the ACC came under fire because of alleged ineffectiveness and the lack of action on high-profile cases. The ACC management attributed this to lack of funding and delays in the recruitment process. It also reacted by announcing a public campaign and the intention of making its offices more accessible to the public and opening up a widely advertised toll free telephone number for complaints. While Section 21 of the Anti-Corruption Act stipulates that any case reported must be investigated within a reasonable period of time, the Director reported that a lack of experienced investigators held back many investigations.

#### 1.4 Update on the economic situation

Notwithstanding inflationary pressures and tighter monetary policies, real gross domestic product growth in Namibia improved moderately in 2006 in comparison to the rate of growth in 2005. Growth in 2006 was broad-based, with all key sectors performing relatively well. The primary industry, particularly the mining sector, performed better in response to improved commodity prices. The economy is projected to continue growing at around 4% in the medium term, driven by increased mining output, while the contribution of tourism to total output is also expected to increase. This growth rate will not be sufficient to attain the goals of Vision 2030 and significantly reduce poverty, and more would be required to put the country on a sustained accelerated growth path.

On 26th September 2006, the World Economic Forum released The Global Competitiveness Report 2006-2007 which analyses over 100 factors to find the world's most competitive economies. Namibia has slipped 5 places down at a ranking of 84 down from its 79 position in 2005.

The IMF Article IV Mission staff report of November 2006, certifies Namibia's generally prudent macroeconomic policies, robust growth, moderate inflation and strong trade surpluses, but also stresses the need for action in three key policy issues: (1) **Private Sector Development** where the IMF recommends facilitating skills transfer from abroad, reducing labour costs, streamlining business requirements, strengthening the financial system; (2) **International Reserves** where market-based measures should be implemented to boost international reserves and create domestic investment opportunities instead of putting in place, as proposed by the Ministry of Finance (MoF), regulatory framework or create incentives to stem capital outflows; (3) for **fiscal policy** the IMF recommends introducing a tighter stance on fiscal consolidation with a view to address the decline in customs union revenue from South African Customs Union (SACU).

##### 1.4.1 Macro-economic and structural reform process

###### **GDP**

On average, GDP grew by 3.1 % between 2000 and 2002. Namibia's nominal GDP was estimated at N\$44 002 million for 2006/07, up from N\$39 562 million in 2005/06<sup>6</sup> and N\$37 385 in 2004/05<sup>7</sup>. GDP per capita was N\$18,874 in 2005<sup>8</sup>, significantly higher than sub-Saharan Africa's average of US\$745.

The growth of the Namibian economy is estimated at 4.6% in 2006, up from 4.2% in 2005. Good performance was mainly driven by mining and tourism and transport and communications. GDP is projected to grow by 4.8% in 2007.

###### **GDP COMPONENTS**

For **Primary Industries**, the mining and quarrying sectors have recovered from a low contribution in 2005, growing by 20.6% in the second and 28.15% in the third quarter of 2006. The exceptional expansion mainly comes from a 51.1% increase in diamond output in 2006 and high international commodity prices. However, growth rates in the other mineral sectors: zinc, copper, gold and silver

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<sup>6</sup> US\$ 6,600 million

<sup>7</sup> US\$ 6,200 million

<sup>8</sup> US\$ 3,150



declined.

The mining contribution and quarrying to GDP (average 10.5% since 1994) is expected to increase in the short term because of growing international demand. International metal and diamond prices are projected to remain high. Uranium industry experts estimate global demand for the mineral to double in the next 25 years. The demand has seen uranium prices doubling last year - and increasing six-fold in the last five years - at US\$72 per pound end-2006. Namibia is the world's fifth largest uranium producer. Production has primarily come from Roessing Uranium, a subsidiary of Rio Tinto, since 1976. Namibia has eight known uranium deposits and produces approximately 8% of the world market needs. In 2006, GRN has awarded 15 uranium exploration licenses.

Due to the exceptionally good rainy season 2005/06 and the high meat prices the performance of the **Agriculture** sector was very significant. In addition, the production of table grapes doubled in 2006 to reach 25 000 tonnes. The indirect contribution of the agricultural sector to tourism and trophy hunting, both activities contribute significantly to GDP, has never been quantified.

The **Fisheries sector**, with an annual catch of over 500 000 tonnes, is a main contributor to the GDP and provides work for more than 10.000 people. The industry encountered major problems with regard to the seize of hake, the most important species for the industry, and the low level of pilchard. Measures like 2 months closer for fishing activities, lower total allowable catches (TAC) and research programmes concerning the Benguela ecosystem have been introduced by the GRN. To increase the value addition of the fishery sector GRN intends to take measures to increase processing in Namibia.

The performance in most **Secondary Industries** - construction, water and electricity - is poor. The negative trend in construction continues as in the previous year, with a 22% contribution in the third quarter after a 10.4% in the second quarter. Electricity and water contributed -1.47% (10.7% in the second quarter), with an increase of 7.3% in imported electricity, domestic production declined by 12.1% due to low water flow rate at Ruacana River for the Hydro Electricity works. Water consumption in Namibia amounted to 300 million m<sup>3</sup> in 2000 (FAO, 2005), agriculture being the largest user with 213 million m<sup>3</sup> (136 million m<sup>3</sup> for irrigation and 77 million m<sup>3</sup> for livestock). The domestic sector followed with 73 million m<sup>3</sup> and industry with 14 million m<sup>3</sup> t is estimated that the country's total water demand will increase by 60% by 2015, causing a major challenge and possible threat to Namibia's development.

**Tertiary Industries** generally showed a good performance in 2006, stemming in particular from the strong growth of hotels and restaurants sectors (from 19.7% to 23.6% compared to -8.6% in the third quarter of 2005) - a good proxy for the development of the tourism industry, which benefited from an increase in number of arrivals and in average per capita spending. Growth in transport and communication picked up to 7.7% in the third quarter of 2006, triggered mainly by the fast expansion of the mobile telecommunication outlets, due to increase in subscribers and increase in airtime purchases.

GRN is a significant economic agent and accounts for about 34% of the tertiary sector and 19% of GDP. Its share has dropped marginally in recent years. GRN showed a slow down in productivity growth to 0.8% end-2006 from 3.9% in the third quarter of 2005, attributed to expenditure cuts.

Growth in wholesale and retail trade, the second largest tertiary component with 10.5% of GDP in 2006, has slowed down from 10.5% to 1.7% end-2006. This decrease is due to a low demand in goods such as vehicles and furniture brought about by high interest rates and inflation

#### **INFLATION**

In spite of this tightening in monetary policy and lower demand in international oil prices, inflation continued to increased in 2006. Prices raised in nearly all categories. Timely reaction by the monetary authorities, a marginal improvement in the food situation, an improved exchange rate and subdued global inflationary pressures caused inflation to fall from 2003 to 2005. In 2005 annual inflation averaged 2.4% and 5.1% in 2006. According to the IMF, inflation is expected to average 5% in 2007.

#### **EXCHANGE RATE**

Namibia is a member of the Common Monetary Area (CMA) with South Africa, Lesotho and Swaziland,

which limits its monetary policy independence. Namibia's monetary policy is effectively determined by the South African Reserve Bank's (SARB) policy stance since the Namibian dollar is pegged par with the South African rand. Some 80 % of Namibia's imports are sourced from South Africa. The exchange rate weakened in the second half of 2006 due to South Africa's trade deficit, an expected global slowdown and sentiment moving against emerging markets. The Namibian dollar is expected to stabilise in 2007, which is favourable for the export sectors.

#### **INTEREST RATES**

Rates dropped slowly during 2004 and 2005, but rose marginally in 2006. The Bank of Namibia's policy rate, the bank rate, has been identical to the SARB's policy rate, the repo rate, since August 2004. The policy rate rose to 9% in December 2006 in both countries. However, Namibia's prime rate is higher than South Africa's. Currently the difference is 1.25 percentage points (prime is 13.75% in Namibia and 12.5% in South Africa as of December 2006).

#### **INTERNATIONAL CREDIT RATING**

In November 2006 the international rating agency Fitch Ratings renewed its BBB- rating for international creditworthiness (foreign currency) and a BBB for local currency. This rating puts Namibia in a peer group with Croatia and India, having overtaken countries such as Egypt in the BB+ group. The rating is based on Namibia's strengths of sound public finance indicators, relatively strong growth performance, low external debt, net public-sector creditor, current account surpluses and high national savings as well as large mineral wealth in times of high metal prices. The weaknesses as identified by Fitch are structural: weak international liquidity in the context of volatile exports and large capital and financial account deficit, need for structural reform to increase growth potential and domestic investment opportunities as well as social and developmental challenges.

#### **1.4.2 Labour market**

The Minister of Labour presented labour market statistics based on analysis dating from 2002-2005. Unemployment rate remains at 37% of the population in working age. The figure is only 21.9% according to a narrower definition of unemployment, of person actively searching for a job. These figures are underestimating the real problem, as in addition 20% of the active population is considered to have only an "elementary occupation". Furthermore, for 27% of the economically active population's main source of income comes from subsistence farming.

Shortages of skilled labour persist within a context of unmet labour market demand. For example, the unemployment levels among secondary school graduates with some training stand at 4%. For those with some form of tertiary education, the proportion is 2%.

The private sector is recognized as the engine of economic growth and employment creation. SMEs are given high priority as they form the basis of business and rural development, and policies favour the development of human resources.

In 2004/05, Namibia spent 14.6% of GDP on public sector personnel expenditure, a figure which slightly declined to 14.2% in 2005/06. This is high by any standard compared to other middle-income countries. This high wage bill is not caused by overly high salaries, but is rather linked to the size of the public service, which can be explained by a very small population being spread over a very large land as well as by historical and cultural reasons. The large size of the Namibian defence establishment may be a reflection of the general overstaffing in the civil service, rather than a particularly acute sectoral problem. There is also an unusually large number of police officials in Namibia relative to similar countries, although with a large proportion allocated to VIP protection.

#### **1.4.3 Financial sector**

The Namibian banking sector is characterised by dominance of South African owned banks (three out of the four commercial banks are subsidiaries of South African banks) and by lack of transparency in the myriad of system, fees and charges are not adequately published.

Namibia's investment portfolio discovered two serious fraud cases involving parastatals: the Offshore

Development Company (ODC) and the Social Security Commission (SSC). The state owned company ODC invested and lost N\$150 million in late 2004, the SSC lost N\$30 million investment with an asset management company in 2005. Both of these investment cases are currently being investigated in the High Court.

In this context, GRN is revising the legal framework in the sector by revising the Financial Services Charter and concurrent regulations and the Namibian Financial Services Supervisory Agency Act. The MoF has already made some progress towards improving the regulatory and supervisory framework for the banking sector, in particular towards complying with the Basel Core Principles.

To promote the development of the financial market and domestic investment opportunities and instruments, the IMF strongly advised against regulatory measures to stem capital outflows recommended that market-based strategies such as promoting asset securitization, open market purchases of foreign exchange and creating a positive interest rate differential to South Africa be applied.

#### **1.4.4 Integration in the world economy and trade arrangements**

##### **TRADE STATISTICS**

Namibian trade statistics, especially exports, have serious deficiencies and do not present a reliable picture of the actual trade exchanges between the country and its trading partners. Discrepancies were identified between the EU import figures and the Namibia Central Bureau of Statistics (CBS), a department of the National Planning Commission (NPC). The most recent trade figures are still those published in 2005. For several analysis related to the EPA negotiations, researchers have used the Eurostat published imports figures.

##### **BALANCE OF PAYMENT**

Namibia's main merchandise exports are diamonds and other minerals, fish (largely processed), manufactured commodities, food and live animals. These products are largely exported to South Africa, the UK, Angola and Spain. Exports to Angola have risen, but those to the UK and Spain have decreased.

In US\$ terms, total mineral exports amounted to an estimated US\$1,388.6 million in 2006, up from US\$678.4 million in 1999. Of the minerals, diamond exports amounted to US\$926.2 million in 2006 (US\$494.4 million in 1999). In 2004 copper exports were valued at US\$33 million; zinc at US\$32.7 million; and gold at US\$24.6 million. Fish exports were estimated at US\$189.8 million in 2006.

Namibia's main merchandise imports are machinery and electrical equipment; food, beverages and tobacco; and vehicles and transport equipment. Due to limited domestic industrial production a significant percentage of manufactured and other goods and services have to be imported from abroad: 85% from South Africa and only about 8% from the European Union. Imports are also bolstered by the requirements of large projects and demand for consumer goods.

Revenue from the Southern African Customs Union (SACU) is a significant contributor to the current account (classified as a current transfer), amounting to about US\$890.4 million in 2006. This source of income is not sustainable as the SACU's new revenue-sharing formula and the drive towards global trade liberalisation are expected to result in lower revenues and elimination after 2010.

With international reserves covering 7 weeks of imports in the third quarter of 2006, international liquidity has improved compared to the corresponding period of 2005, but remains critically below the benchmark of 3 months of import cover. International liquidity is one of the IMF's main concerns with regard to Namibia that it is experiencing since 2003 i.e. large outflows of capital to South Africa due to limited investment possibilities and instruments on the domestic financial market (IMF states that 65% of Namibia's saving is exported).

##### **TRADE POLICY**

The degree of openness of the Namibian economy is evident from its high import/GDP and export/GDP ratios at 38% and 32.5% respectively. This high degree of openness, together with a lack of diversification of economic activities, explains why the Namibian economy is very sensitive to developments in the world economy.

Namibia's trade policy is largely defined via its membership in SACU<sup>9</sup>. References to trade policy do appear in documents such as National Development Plan (NDP) I, NDP II and Vision 2030. Given the structure of the economy, trade, foreign direct investment and regional integration are high on the agenda.

In WTO, Namibia tends to align itself with the Africa Union (AU), Southern African Development Community (SADC) or ACP groupings and has an interest mainly in agriculture. Within SADC the main priorities at the moment include the implementation of the SADC Trade Protocol<sup>10</sup> and the EU-SADC<sup>11</sup> Economic Partnership Agreement (EPA) negotiations.

#### **REGIONAL INTEGRATION**

SACU is still the only fully implemented CU in Africa. SACU dates back to 1889. SACU provides duty-free movement of goods and services within its territory and shows a Common External Tariff (CET) as well as common excise and sales duties, common rebates, refunds and drawbacks against third countries. Member countries have agreed on a revenue sharing formula to address the different development degrees between South Africa and the BLNS countries. SACU has already adopted elements of an Economic Union, like the coordination of monetary and fiscal policies.

All SACU members are members of SADC. SADC intends to establish a Free Trade Area (FTA) by 2008 and to move towards a CU by 2010 as stated in its Regional Indicative Strategic Development Plan and confirmed by SADC Head of States in August 2006. To date the progress of implementing the SADC Trade Protocol, leading to an FTA is rather slow.

#### **EPA NEGOTIATIONS**

Namibia negotiates the EPA under the EU-SADC EPA grouping, which includes BLNS, Mozambique, Angola, and Tanzania (MATs)<sup>12</sup>. South Africa participated as an observer until February 2007. Namibia is not an LDC and does not enjoy the favourable EBA status, and is hence more welcoming towards the EPA. MATs are members of SADC but at the same time Angola is a member of COMESA and Tanzania a member of the EAC. South Africa has a Trade, Development and Cooperation Agreement (TDCA) with the EC in which the BLNS countries are not participating members, although they seem to apply a similar CET in SACU. Overlapping positions cause legal uncertainty which leads to conflict in trade commitments and policy. This has forced the SADC EPA configuration to rethink their approach vis-à-vis EC and the ongoing EPA negotiations.

The TDCA is currently up for review, which provides the perfect opportunity to include the BLNS countries in the TDCA and align the EC – South Africa trade relations with the other SADC countries. Therefore the SADC-EPA negotiating group decided to include South Africa as a negotiating party in the SADC EPA configuration and proposed a single trade deal to govern all trade between the two regions during the 4th EC-SADC Senior Officials meeting on 7 March 2006, the SADC EPA group presented a paper to the EC entitled, "A framework for the EPA negotiations between SADC and the EU" which sets out the principles, objectives and key elements to define their new approach to the EPA negotiations.

The framework document focuses on the complexities of trade relations in Southern Africa and the harmonisation of the SADC EPA with existing trade arrangements and proposes mainly to focus on a duty free, quota free market access in favour of SADC, more liberal and simplified rules of origin and compensations. SADC proposed to exclude commitments on all 'new generation' trade issues.

The EU has agreed to see this proposal as a basis for negotiations, but as difficult to grant South Africa the same market access as the MATs and BLNS countries due to different development degrees. Another dispute is the exclusion of "new trade issues" (competition, investment, government procurement, intellectual property...), which were also kept out of the TDCA.

In the proposal of the SADC EPA, SACU would be the "building block" for SADC's deeper regional

<sup>9</sup> Botswana, Lesotho, Namibia, Swaziland (BLNS) and South Africa

<sup>10</sup> Free trade area to come into force in 2008, customs union scheduled for 2010.

<sup>11</sup> The SADC EPA constellation consists of Angola, BLNS, Mozambique, Tanzania, and South Africa as an observer.

<sup>12</sup> The remaining SADC Member States, i.e. DRC, Malawi, Mauritius, Zambia, Zimbabwe

integration. South Africa's position vis-à-vis the EU and the rest-SADC members would be strengthened when SACU's trade relationships with its major trading partner is harmonised. However, the level of economic integration of SADC members is an obstacle for the operation of the SADC EPA proposal, which does not offer a guarantee for harmonised SADC-EU trade relations by 2010.

#### **1.4.5 Public Finance Management**

Namibia's 2006/07 budget and the 2006/07-2008/09 Medium Term Expenditure Framework (MTEF) makes provisions for "pro-poor" and "pro-growth" through improved resource allocations from the development of infrastructure in rural areas where the poor reside. For the first time since Independence, the budget projected a surplus for 2006/07, based on large flow in SACU revenue. In 2007/08 and 2008/09 the budget was projected to experience a deficit below the 3% of the government target.

Expenditures were projected to increase by 18.6% in 2006/07, before being cut back in 2007/08, bringing the share of public expenditure to 36% of GDP, well above GRN's own target of 30%. A large portion of the increase in spending went to personnel expenditure rising from N\$5.5 billion to N\$6.1 billion. A substantial portion of the increase in spending went to capital projects and paying off debt and statutory payments: green scheme and aquaculture (N\$2.6 billion), Kudu Gas (N\$750 million), Tourism (N\$475 million) and the Northern railways (N\$387 million).

As a way of improving its education system, the Government of the Republic of Namibia allocates a lion share of its budget to the Ministry of Education. It is estimated that a large portion of the budget goes to the agreed salary increases for teachers and personnel expenditure, which accounts for N\$2.2 billion out of the N\$3.2 billion. This however does not include the personnel expenses included in transfers to tertiary institutions of education. With the coming into being of Education and Training Sector Improvement Programme (ETSIP), the Ministry is receiving an additional amount of N\$100 million per fiscal year to implement the strategy..

The Office of the Ombudsman is among those which enjoyed a special allocation of N\$4.4 million with an additional vote created for the Anti-Corruption Commission which received N\$6.5 million. This line of funding is set to be maintained over the coming three years and was substantially higher than the previous year.

To cater for the country's resettlement programme, the 2006/07 budget made provisions for N\$50 million which was made available for land purchases under the National Resettlement Policy, in addition to the proceedings collected from the Land Tax (N\$ 20 million). Nevertheless, expenditures reports of previous years show that the funds allocated for land purchases have not been absorbed to a large degree (in 2003/04 only N\$3.9 million was actually spent out of the budgeted N\$50 million).

The Minister of Finance tabled an additional budget request of N\$342.1 million in November, constituting an amount of 2.24% of the budget approved by Parliament in April. While the additional revenues are one-off earnings, the additional expenditures requested by the end-2006 request will have long-term repercussions. The additional funds were taken from the one-off revenues of N\$969.8 million from SACU windfalls and the sales of 34% of Mobile Telecom Company (MTC) shares to the Portuguese Telecom. Two thirds of the reallocated funds went into salary adjustments for public servants. The increase of salary will grow by 190% in the next year and 340% in the following year. This is the third salary increase in four years. Namibia has one of the highest levels of personnel expenditure in Africa, accounting for 15% of GDP and more than 40% of GRN spending. Past efforts to contain the wage bill have been ineffective since line ministries have been able to circumvent a hiring freeze, leading to an 8% increase in the number of civil servants in 2005/06 and a doubling since independence in 1990.

Among the expenditures widely commented in the media was the construction of the new state house. While its allocation for the 2006/07 until 2010/11, MTEF is only N\$ 497,897, its total cost is estimated to be a multiple of this, financed by Chinese donation and loans, the latter not being appropriated in the budget. According to official figures, the total cost of the new state house will amount to N\$343 million.

Defence continued to receive substantial additional resources in the budget with the overall allocation

rising to 8.8% of total spending making it the fourth largest vote after education, finance and health. The main reason was the allocation for new equipment for the army. The budget for the peace keeping operation in Liberia fell to N\$71 million, compared to N\$ 121 million the previous year.

GRN undertook a series of steps in revenue management to enhance the efficiency of revenue collection and to broaden the revenue base. These include the introduction of large-scale forensic tax audits; anti-abuse measures to discourage taxpayers from claiming excessive VAT returns; a withholding tax on interest; payment of transfer duties when shares or membership interests relating to immovable property are alienated in a company or close corporation. The expansion of the tax collection offices in different parts of the country is in line with the Governments' objective to bring the services closer to the people.

#### **1.4.6 Update on the infrastructure situation**

Although the transport network in Namibia is of a very good standard, with two harbours and two airports well maintained, the road network requires substantial maintenance. Many of the major roads have reached their useful lifespan and have to be rehabilitated. Due to a shortage of funding much of the rehabilitation work has been postponed. Maintenance is ongoing, especially after the heavy rains in the beginning of 2006. A programme has been prepared for rehabilitation in 2007, priority being given to the Windhoek-Karibib section (part of the Trans-Kalahari Highway), with 40 km already funded, and thereafter to the Grunau-Rehoboth section (part of the Trans-Cape Highway). Funding is available for approximately 40 km of the Windhoek-Karibib rehabilitation.

As regards new roads (including upgrading from high standard gravel road to asphalt), 2 projects are ongoing: - the road from Kamanjab to Omakange (loan from ADB) and the road between Rundu and Nkurukuru (loan from the Japanese Investment Bank). The roads between Opuwe and Omakangi, Otapi and Tsandi, and between Aus and Rosh Pinah have recently been completed. It is envisaged to construct gravelled roads to 80% of the population by the year 2030. At present villagers have travel through thick sand or rough rocky terrain before reaching gravelled roads.

Namibia depends heavily on South Africa for its energy supply. But as of recent, the country has had to rely more on the Ruacana hydro electric scheme and the coal fired power station in Windhoek. Projects, such as the Kudu Gas scheme and hydro-electric schemes at Epupa or Baines are still in the feasibility stages other power generation programmes are in the pipeline. Infrastructure transmitting power to most parts of the country is well maintained by Nampower.

## 1.5 Update on the social situation

### 1.5.1 Key social development indicators

Type	Indicator	1992	1994	2000	2001	2002	2003	2004 estimate	2006 estimate	2006 target	2009 target	2015 target
Impact	1 Proportion of population below US\$ per day (1) (7)	38%								28%		
	2 Prevalence of underweight children (% under-five years of age) (2)	26%		24%						17%		
	3 Under-five mortality rate (per 1000 live births) (5)	87			71					54		
Outcome	4 Net enrolment ratio in primary education (3)	89%		91%	92%	94%	96%	93,6%		95%		
	5 Primary completion Rate (P5) (3) (P7)(3)	75%		94%	95%	90%	88%	87%		98%		
	6 Ratio of girls to boys in (3) (4)											
	- primary education	102		100	100	100	100	99,6		100		
	- secondary education	124		112	113	113	112,2	113,2		100		
	- tertiary education	162		88	99	97	102	73,6		100		
	7 Proportion of births attended by skilled health personnel (2)	68%		75%						88%		
	8 Proportion of 1 year old children immunised against measles (2)	63%		72%						80%		
	9 HIV prevalence among pregnant women											
	a. 15-19 years old		6%			11%		10%	10%	9%	7%	
b. 20-24 years old (6)		11%			22%		18%	16%	15%	12%		
10 Proportion of population with access to safe drinking water												
- rural population (5)	45%			80%				83%	80%		87%	
- urban population (5)	99%			98%					95%		100%	

Sources (1) National Household Income and Expenditure Survey 1993/94 and NDP11, NPC  
(2) Namibia Demographic Health Surveys 1992 and 2000, Ministry of Health and Social Services  
(3) EMIS, Ministry of Education (provisional 2003); 2001 Census and NDP11, NPC  
(4) Administrative reports, Ministry of Higher Education  
(5) Census 1991 and 2001, NPC  
(6) HIV Sentinel Surveys 1992 to 2006; DHS 2000; HIS, Ministry of Health and Social Services  
(7) World Development Indicators 2004, WB

### 1.5.2 Achievements in the social sectors - Poverty reduction

#### POVERTY SITUATION

The Central Bureau of Statistics (CBS) of the National Planning Commission in April 2006 released a preliminary report of the results of the 2003/04 NHIES. Based on a sample of 9,801 respondents, its main outcomes do not show a completely new image, although some elements show obvious improvement towards poverty alleviation.

There are huge variations in annual household consumption and income between regions and between urban and rural areas. The national average of per capita consumption is N\$8,556, an average that decreases to N\$4,919 for rural areas and increases to N\$15,411 for urban areas. The regional distribution is quite similar to NHIES 1993/94. The annual household consumption by adjusted per capita income (ACPI) continues to illustrate the disproportionality consumption distribution among households in Namibia. The 25% households with the lowest ACPI account for 6.4% of total annual consumption whereas the 2% households with the highest ACPI account for 15% of the total consumption. The per capita consumption of the 10% households with the highest ACPI is more than 12 times higher than the one of the 90% households with the lowest ACPI. In NHIES 1993/94 it was 14 times higher.

The food consumption ration (FCR) is used as a crude **indicator of poverty**. If FCR of a household is more than 60% then such households are considered as poor. If the ratio is more than 80% then they are considered as severely poor. In Namibia 3.9% of households have an FCR above 80 and 24% between 60 and 79. Using this indicator 27.9% can be considered as poor, down from 38% in NHIES 1993/94 and compared to 30% in Botswana.

In urban areas the per capita income is about 3 times higher than in rural areas. The 60% rural households account for 38% of the total income. The 25% households with the lowest ACPI account for 34% of the population but only 6.3% of the total income in Namibia whereas the 2% households with the highest ACPI account for about 1% of the population but 15% of the income. The 90% households with

the lowest ACPI have increased their share of total income from 48% in NHIES 1993/94 to 54%.

The Lorenz curve for the income distribution among the population of Namibia remains skewed. According to the preliminary results, the GINI coefficient calculated on the basis of the ACPI is 0.6, which is 0.1 lower than the GINI coefficient in NHIES 1993/94. This improves the situation by bringing Namibia to the level of the other Southern African countries (0.573 for Botswana in 2003 and 0.635 for South Africa), but still with a ranking among the most unequal countries in the world.

#### **EDUCATION**

The 2004/2005 Education Management Information System (EMIS) figures show very **irregular and limited progress overall**. Although Namibia continues to be among the South-Saharan countries spending the highest share of GDP on education expenditure (decreasing from 8% in 05/06 to 7.4% in 06/07), corresponding improvements in learner outcomes are still pending and regional disparities regarding learner performance are also significant. Except for grade 5 and 6 in upper primary and grade 11 in senior secondary, **promotion rates have worsened or remained stagnant in 2004**. **School leaving rates have also increased** for all grades except for grade 6 and 11. **Repetition rates have improved** throughout the general education system together with the survival rates, which could indicate **some improvements in qualitative terms**, but uncertain because of the automatic promotion system in place. EMIS reports an upwards trend of qualified teachers, passing from 55.6% in 2004 to 61.3% in 2005 for primary education and from 83.5% in 2004 to 86.6% in 2005 for secondary education.

When considering access to education, it appears that more efforts are still required, notably concerted effort needs to address the backlog of classrooms available. **Net Enrolment Rate (NER) figures do not show signs of improvements**: 93.6% in 2005 for primary against 95.7% in 2002 and 49.5% in 2005 for secondary against 52% in 2003.

Access must be extended to marginalized groups and children with disabilities. Equity remains an area for further improvement, notably to even differences between rural and urban areas. Although, the proportion of the population over 15 years of age who have no formal education has declined from 30% in 1993/1994 to 17% in 2003/2004 and improvements have occurred in all regions, important disparities remain with the proportion of those in rural areas with no formal education being 23% (Omaheke: 37%) compared to 7% in urban areas.

Fiscal year 2006/07 marked the beginning of implementation of the new ETSIP. Although not completely finalised for its first year of implementation, the programme presents a comprehensive plan to achieve Namibia's development objectives of greater equity and prosperity for all and is designed to address equity by increasing educational investment in disadvantaged areas and communities. The joint appraisal of ETSIP was completed in October 2006 and work on the Memorandum of Understanding by GRN and DPs was revived, demonstrating the continuation of the momentum gained the year before.

#### **HEALTH**

Due to the lack of a comprehensive set of data sources in the health sector, evidence-based decision making and monitoring of progress towards the MDGs in Namibia is hampered. The Ministry of Health and Social Services (MoHSS) acknowledges this dearth and has embarked upon a long-term revamp of the Health Information System (HIS) which surveys disease incidence based on health facility utilisation. However, even with a full-fledged HIS in place, the monitoring of the health sector will not be complete as long as complementary data sources such as the census, vital registration, household surveys (such as the Demographic Health Survey - DHS), health service statistics and health accounts are not available. Therefore, for the purpose of current reporting on MDGs, information is drawn from the Demographic Health Surveys of 1992 and 2000 as well as from the Census of 1991 and 2001.

Progress against the target to reduce **prevalence of under-weight children** (under-five years of age) to 17% in 2006 has been slow, indicating that there has been little improvement in measures to fight malnourishment of children. There is no data available for **under-five mortality** since the 2001 census which indicate that under-five mortality has decreased in a decade but at a slow rate. The main causes of death for under-five year olds are pneumonia, diarrhoea/gastro enteritis and HIV/AIDS.



Progress on the **proportion of one-year old children immunised against measles** as measured by the DHS has been good although not continuously. The average coverage of measles vaccinations in the years between 1992 and 2000 was 67%. Data from the HIS report 2002/03 – 2004/05 indicates that the immunization coverage would have increased in 2002/03 to 74% but decreased in 2004/05 to 68%. This trend would have to be verified in the next DHS but indications are that the Expanded Programme on Immunisation is facing challenges in terms of staff and transport shortages.

Maternal health as measured by the **proportion of births attended by skilled health personnel** has improved in the past years and progress towards the MDG is good. However, it should be mentioned in this context that the maternal mortality ratio as measured per 100,000 has increased significantly in the same time period, although there is uncertainty as regards the reliability of this data. This is important to note as HIV/Aids is assumed to be a major factor contributing to increased maternal mortality.

Malaria and Tuberculosis continue to pose major public health challenges as they top the list of leading causes of death with HIV/AIDS, diarrhoea/gastro enteritis and pneumonia as reported by the HIS. The rise in cases of Tuberculosis is associated with HIV/AIDS while new research also suggests a link between malaria and HIV. Namibia's TB and Malaria programmes receive support under the Global Fund to fight AIDS, Tuberculosis and Malaria (GFTAM).

### **HIV/AIDS**

The results of the 2006 sentinel survey confirmed the need to continue and scale-up HIV/AIDS prevention efforts in Namibia in the short and long-term. The survey indicated a slight increase in the prevalence ratio from 19.7% in 2004 to 19.9% in 2006 with large regional variations (39.4% prevalence in Katima Mulilo compared to 7.9% in Opuwo). All age groups except 20-24 and 45-49 year olds recorded slight to moderate increases in prevalence.

GRN's response to the pandemic is outlined in the Third Medium Term Plan on HIV/AIDS (MTP-III) 2004-2009 which establishes a multi-sectoral response to HIV/AIDS under the leadership of the MoHSS. At the same time, HIV/AIDS needs to be effectively mainstreamed in the third National Development Plan 2006/07- 2010/11 (NDP III), which is currently being drawn up through a national stakeholder process. Funding for MTP-III comes from GRN and development partner resources. The main external donors are the US President's Emergency Plan for AIDS Relief (PEPFAR) and the GFTAM which will contribute US\$116 million and US\$43 million respectively to the national response in FY 2007/08. In the same time, GRN funding for the Directorate Special Programmes has decreased and no development budget is foreseen for it. The high reliance on foreign assistance to sustain the national HIV/AIDS response – especially as regards treatment - is a major cause of concern for development partners. The EU Group has emphasised the need for improved coordination and M&E of all funding going towards the sector as well as increased policy dialogue with the MoHSS to ensure an effective response.

The HIV/AIDS policy framework was complemented by the adoption in early 2007 of the National Policy on HIV/AIDS that recognises that the cornerstone of the national response is the reduction in new infections. Indeed, while Namibia has been recognised to be at the forefront of access to treatment, prevention efforts have received less attention. Treatment is currently being offered at 34 sites across the country and by the end of the financial year 2006/07, 35,422 people were receiving treatment out of an estimated 67,269 eligible clients.<sup>13</sup> The aim of the MoHSS is to have 47,770 clients on treatment by March 2008 and 54,554 clients by December 2008. The main obstacles for a larger roll-out of treatment are the shortages of skilled medical and laboratory staff and the long distances to health facilities which affect particularly rural clients, raising concerns of equity in access. An increased focus on prevention should see more activities which aim at empowering women the low status of women is recognised as a root cause of the pandemic. In this context, the GFTAM programme has recently included a strong community mobilisation component to ensure access to PMTCT to women who deliver at home with traditional birth attendants. Other prevention strategies which lag behind are the introduction of

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<sup>13</sup> It should be noted that the Spectrum model for estimating the number of people eligible for treatment is currently being revised and thus, this figure might change.

workplace programmes within the private sector.

The socio-economic impacts of HIV/AIDS are already acutely felt by the vulnerable sectors of society. UNICEF estimates that there are currently 120,000 orphans in Namibia out of which 57,000 have been orphaned by HIV/AIDS. A recent, still unpublished study of orphans and vulnerable children (OVC) in two regions assessed that 68% of the OVC were covered by social welfare grants. As access to sufficient nutrition is a prerequisite for the success of HIV treatments, food security has also become a major issue in the fight against the pandemic.

#### **WATER**

The Vision of the Directorate of Rural Water Supply is to ensure a sustainable supply of safe water to rural communities in communal areas. The quality of life of rural communities is significantly improved through access to potable water supply. Progress regarding water supply coverage has been made since Independence, and the targets seem reasonable, based on current progress. If the implementation continues at the current rate with steady financial and human resources backing the programme, it is predicted that 100 percent coverage for both urban and rural areas can be achieved by the year 2030. End 2006, 83% of the rural population had access to improved water supply, well ahead of the MDGs target.

Under phase II of the Community Based Management Programme 361 water points have been handed over for operation and maintenance to user communities in the Regions, while 1067 water point committee members and 599 caretakers were trained during this financial year. 140 water point associations were established and 53 were registered. It can be estimated that in total 2456 community members received training. These figures indicate a significant improvement compared to last year, although training was hampered by floods in several regions.

Payment for the 2.2 million kilo litres water on pipeline schemes to the rural communities increased during the financial year. Payments of N\$ 3.3 million were received from the communities or 26% of the total cost. The outstanding debts to NamWater by rural communities stand at an amount of N\$ 40 million. The Directorate Rural Water Supply and NamWater are working on improving revenue collection to reduce the debts owed by rural communities and to integrate more schemes into billing. To curb the misappropriation of funds by members of Local Water Committees, extension officers were trained in the north central regions on auditing procedures to improve debt collection by Local Water Committees.

#### **GENDER**

Despite constitutional guarantees, **women** continue to face **discrimination** in customary law and other traditional societal practices. Violence against women is reportedly widespread, and despite the existence of progressive legislation-including a domestic violence act – reports state that the majority of cases have not been prosecuted nor compensation to the victims provided. Women are increasingly involved in the political process but remain underrepresented in government and politics.

The socio-economic impacts of gender inequality continue to pose challenges to the development of the country. Despite the existence of GRN policies and programmes on gender, pervasive negative attitudes hamper their effective implementation. Cases of domestic violence and violence against women continue to make headlines and HIV/AIDS is taking a high toll on women and girls. Although women are increasingly participating in the labour force, their contribution is mostly in the employment categories that do not have cash remuneration attached or in informal enterprise. For rural women the lack of access to property, including a lack of access to the means of production, creates dependence and perpetrates poverty and food insecurity. Traditional inheritance practices also discriminate against AIDS widows upon the death of their husbands. On the political scene increased numbers of women are taking up positions of power. However, research conducted in 2003<sup>14</sup> indicated that no significant difference could be found in the views and preferences of male and female candidates for local authority councils on issues of gender. Women's voices are also underrepresented in media. In terms of law reform, legislation on

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<sup>14</sup> Keulder, 2003 "Gender and Political Participation", IPPR, Windhoek.

divorce and the recognition of customary marriages is urgently needed to ensure gender equality. In an international comparison, Namibia has a gender development index of 0.622 (94 / 136 countries rated).

## **1.6 Update on the environment situation**

In 2006 a Country Environmental Profile providing a general overview of the environmental situation in Namibia was prepared with 9<sup>th</sup> EDF funding. A main finding is that the development potential in Namibia's sensitive natural environment is restricted due to the scarcity of water and arable land. The fragile ecosystems are under threat due to overexploitation of water resources, land pressure and population growth, poverty, inadequate rangeland and agricultural practices, deforestation, and increasing economic activities in mining, fisheries and tourism. The results of these pressures are degradation of vegetation (desertification, bush encroachment) and soils (erosion, lost of fertility), decline of water (availability and quality), habitat's destruction and pollution. A main recommendations is that the water sector needs to receive specific attention, in particular water conservation, harvesting and recycling. Other key recommendations focus on natural resource management, renewable energy (e.g. bush to energy), climate change adaptation and implementation of environmental legislation.

The Population Census of 1991 indicated that 43% of the rural population had access to clean water within reasonable distance. The 2001 Population and Housing Census shows that 80% of the rural population has access to clean water (a maximum walking distance of 2.5 km to a domestic water point). The majority of the water points are on pipeline schemes. The pipeline schemes are fed by the perennial rivers on Namibia's borders which are essential for Namibia's water supply. All over the country a number of rivers have been tapped by building dams. The total storage capacity of the major dams is about 0.71 km<sup>3</sup>. In addition to these larger reservoirs, there are thousands of small farm dams scattered around the ephemeral river basins. Besides through dams, boreholes are providing water for the country. The great majority of boreholes were drilled privately on freehold farms. The availability of water is a limiting factor for livestock in many areas of the country. Thousand of boreholes have therefore been drilled and equipped with windmills and other kinds of pumps to bring groundwater to the surface. The overall rate of pumping remained higher than the rate of recharge. The dangerous overuse of water resources has occurred in many aquifers in Namibia.

The Namibia's potential irrigable land is estimated at 50,000 ha, although only 7,500 ha (FAO, 2005) are currently under irrigation. Salinisation from irrigation is a serious risk in Namibia, which affected already in 1992 an area of 1,300 ha.

Given the water scarcity of Namibia, there is competition for water. According to the government policies, the first priority for water allocation should be domestic use, while irrigation has second priority together with mining and industry. It was also proposed that irrigation should be regarded as an interim use until the water is used for higher value consumption with higher economic returns. Water recycling is practised since 1968 in Windhoek, but it becomes more and more important, especially in the mining sector and regional urban areas. Desalination at the coast is planned to reduce water scarcity.

Bush encroachment and desertification are important environmental challenges in Namibia. Due to increased desertification in many parts of the country and the bush encroachment on commercial farm area in the central areas, the productivity of the land has drastically decreased. According to recent research reports the carrying capacity loss of the land can be over 60% in areas where the invader bush has not been controlled. As the control of the bush is more costly than the value of the land, farmers are hesitant to undertake expensive bush control measures. Depending on the quality of the land, the price can be anything between N\$ 100 and 500 per hectare, the cost of de-bushing is around N\$ 500/ha. The result of that was that the loss of the productivity of the land was compensated by commercial farmers through buying additional farms.

Efforts are under way to use the invader bush as a source of energy, charcoal and compressed wood chip blocks are presently produced, there is a pilot project proposed under the RPRP to use the invader bush to produce electricity. In the case that this pilot project is successfully the "bush to electricity project" could be interesting for the creation of jobs, the improvement of the land and the production of power.

## **2 OVERVIEW OF PAST AND ONGOING CO-OPERATION**

Support under the 9th EDF is currently under implementation in rural poverty reduction and education, in addition to activities in a number of non-focal areas. Following the MTR the amount of programmable resources was increased from €51.13 to €95m in 2006. The ETR early 2007 confirmed the validity of the CSP strategy and concluded that the country's financial performance remains strong. The total A envelope received a further slight increase of €1.94m in order to bridge the financing gap before the 10th EDF will become available for the support to the education sector.

It has to be noted that the introduction of sector and budget support is at an early stage in Namibia. Due to the fact that Namibia has not required debt relief and is not receiving International Development Association (IDA) support, many of the instruments and assessment tools which have been developed and are required in the context of Heavily Indebted Poor Countries (HIPC) and IDA programmes are not used. On the basis of the experience gained in the context of ETSIP, priorities to develop sector approaches in other sectors such as rural development, transport and health have been indicated by GRN.

In the education sector, GRN and DPs have agreed on reporting and monitoring frameworks ensuring the timely release of funding, not upsetting planned programmes and activities.

It appears that Namibian stakeholders from the public and the private sectors as well as the civil society require more support to be able to propose better quality proposals, whether for the EU-ACP facilities, RPRP or other funding opportunities.

Overall the cooperation between the EC and Namibia is highly valued by both sides, and judged to make a significant contribution to poverty reduction and long-term sustainable development leading to a more equitable distribution of resources and greater opportunities for the Namibian people. Fine-tuning of the EC response to the development challenges and priorities is an on-going process that is acknowledged as such by both parties.

### **2.1 Focal Sectors**

#### **2.1.1 Rural Development Sector**

##### **EVOLVING POLICY CONTEXT**

The annual reports for the Ministry of Agriculture, Water and Forestry (MAWF) and from Ministry of Local, Regional Government, Housing and Rural Development (MoLRGH&RD) are not yet available for the reporting period.

The majority thrust of Namibia's development policies is poverty reduction, aiming at improving the livelihood of the rural population, thus also countering rural-urban drift. The EC has since independence supported Namibia in pursuing these policies through the support to several rural development programmes, mainly in the agricultural sector targeting the communal lands. The programmes aimed at promoting sustainable rural livelihoods while having regard to the sustainable use of the country's fragile resource base. Most resources were invested in the extension and research services, but the 9<sup>th</sup> EDF Rural Poverty Reduction Programme (53 million EUR), which started in August 2005, focuses more on general poverty reduction through sustainable income generation and contributes to sustainable development.

##### **RESULTS AND PROGRESS IN ACTIVITIES**

The Namibia Agricultural Support Services Programme (NASSP) ended in December 2006. The progress in the five RPRP components was quite slow due to the complexity and the implementation procedures to be used. Under budget support, the first tranche for Rural Access Roads was released, for Rural Water Supply the second tranche has been released early 2007. The absorption capacity of the ministries is low due to lack of adequate qualified human resources to implement the programme.

The RPRP Land Reform Component was implemented through a Programme estimate and supported GRN Land reform activities in the communal as well as in the commercial sector. In 2006 the EC financed a land surveying and registration pilot project, aiming to get insight into the challenges and opportunities that lie ahead for surveying and registering all the customary land parcels (3000-5000 in total) in the communal areas of the country. The Resettlement Programme was strengthened through

studies that looked at the economics of resettlement farms and other farming systems. Training courses and studies in land management and related fields aimed at addressing the capacity problem at the Ministry of Lands and Resettlement.

During 2005-2006, the Ministry of Agriculture, Water and Rural Development (MAWF) continued to provide training in agricultural extension services, information and advisory services encouraging adoption of improved farming technologies and practices. The Farming Systems Research & Extension approach was adopted through a participatory approach places the responsibility to lead the development process firmly in the hands of rural communities. A total of 360 on-farm trials and demonstrations were conducted, 7616 farmers received information on animal health, livestock marketing, supplementary feeding, mahangu marketing, mushroom production, goat development scheme, combating bush encroachment, cotton production, bio gas, horticulture, draft animal power and HIV/AIDS awareness. Capacity building through long-term training and improvement of staff continues to be a priority for the MAWF. Under NASSP more than 50 staff members were trained through distance learning, while more than 150 short courses were conducted. Amid budget constraints, the MAWF managed to provide technical assistance to 1,010 newly resettled farmers in the commercial areas. NASSP in cooperation with the agricultural unions trained 1,834 emerging commercial farmers.

GRN has spent almost N\$10 million to upgrade MAWF's buildings. Renovation and upgrading of auction kraal facilities and the handing over to communities to manage these is ongoing while mechanisms have been put in place to ensure effective sharing and coordination of resources.

The MAWF is collecting, analysing and disseminating highly useful agricultural information for timely food interventions. Agricultural surveys are conducted and information is stored in the newly established database. The Early Warning Unit submits regular food security assessment reports and bulletins. The MAWF planned the construction of four community storages in the NCAs to ensure food security.

Since October 2006, the United States Department of Agriculture's Animal and Plant Health Inspection services has allowed access of Namibian table grapes to the American market, although Namibia still needs to comply with certain conditions on pre-cooling, pest inspection and treatment and certification.

Namibia remained free of major diseases that could negatively affect trade in livestock and livestock products. The national livestock identification and traceability system has facilitated a rapid and accurate tracking of animals. This favourable animal status allows the country to continue with export of boneless beef, mutton and venison to South Africa and the European Union. An EU F.V.O. mission inspection took place in March 2007.

With the assistance of NASSP, various initiatives aimed at facilitating and promoting marketing and value addition to locally produced commodities were supported. These initiatives include the National Horticulture Task Team, the Mahangu and Sorghum Task Team, the Green Scheme Management Committee, the Indigenous Plants Task Team and the National Horticulture Development Initiative. The initiatives supported the erection of market infrastructure for fresh produce with a central market floor, the process to make mahangu a controlled crop, the launching of new cosmetic products from Namibian indigenous plant extracts, the construction of a grain technology demonstration centre, etc.

The Lower Orange River Management Study aimed at securing a long-term supply of water for domestic, irrigation and industrial use between South Africa and Namibia was conducted. Three basin management committees are currently operational for Kuiseb, Iishana and Karst while a fourth for Omaruru to be established. The rehabilitation of the Hydrological River Gauging Stations desirable for flood monitoring and management was completed. Ground water resources in the Cuvelai basin and Platfeld Aquifers are being investigated.

Forest inventories are compiled in different areas particular in emerging community forests. The MAWF has entered into an agreement with the community conservancy management at //Huab in Khorixas district. Community forest facilities were supported at Ncaute, Mile 20 in the Kavango region, Bukalo in the Caprivi Region and Mkata in the Otjozondjupa region. The MAWF has strengthened its efforts in awareness creation among the population to combat veld fires in order to protect the country's natural

vegetation. Also 30,000 trees covering 78ha were planted in efforts to curb desertification.

#### **DEGREE OF INTEGRATION OF CROSS-CUTTING THEMES**

Already during the planning stage of the RPRP special attention has been given to the inclusion of the cross-cutting issues, HIV/AIDS, gender and environment. For each cross-cutting issue a TA expert has been recruited to plan, to follow up and monitor the respective activities together with their counterparts. In particular activities with HIV/AIDS require a close cooperation with other donors and the government.

Depending on the stage of implementation of the different sub-projects cross-cutting issues are handled accordingly. For Rural Water supply, the most advanced component of RPRP, women of the befitting villages are actively involved in any aspect, in particular in the management of the "water point" groups. These groups are very important and can be used also for any other issues to be discussed at this level.

### **2.1.2 Human Resources Development Sector**

#### **EVOLVING POLICY CONTEXT**

Education in Namibia is development priority since independence, accounting for about 25% of total GRN expenditure, and 9% of GDP. But the level of achievement does not correspond to the investments made. While the Namibia 2004 MDG Report highlighted that the country had been making good progress towards the goals for universal primary education, worsening or stagnant net enrolment ratio and promotion rates in 2005<sup>15</sup> give room for concern. With the clear problems in the quality and equity of the system, there are still a number of critical concerns over the effectiveness, relevance and sustainability of the current pattern of spending on education.

#### **RESULTS AND PROGRESS IN ACTIVITIES**

The initial support to the Education Sector Programme (ESP) showed its limitation and the need to further develop the sector programme and results framework. The existing process led to a complete review of the sector by a technical team of the World Bank supported by the EC. Guided by this review, a fifteen year strategic plan: the ETSIP was developed in a joint effort as a fully-fledged SWAp; the first in Namibia. By February 2005, Cabinet approved ETSIP. Being able to bring together all the stakeholders, including civil society and the private sector, to work towards the realization of a SWAp by agreeing on priorities and monitoring modalities through a genuine co-ordinated process is a major achievement for Namibia.

The EC contribution to the education sector under EDF8-9 represented a minor share of the total funding for the education votes (1.3%), but was fundamental to increase the funding of the development budget for which the EDF9 contribution represented about 30% of the own resources. In addition, through the dialogue established under the EDF9 sector budget support, major progress could be established towards the development of ETSIP.

The Financing Agreement 9 ACP NAM 02 that was signed in 2003 had to be adapted in order to align its modalities to the new sector strategic framework. The EC would have to release funds on the basis of the outcomes of the implementation support mission and the deliberations of the April education review meeting, as proposed by GRN and the other DPs in the -to be signed- MoU. The overall assessment of progress in the education sector will consider sector improvements as per the revised performance assessment framework covering all sub-sectors and all main programme policy areas (Access, Quality, Equity, Efficiency, Accountability and HIV/AIDS). The framework will be complemented with more indicators in the course of the programme implementation to better capture some policy areas, such as inequities reduction. This would be possible once the EMIS system further integrates sub-sectors currently lagging behind and more disaggregated data. The next tranches of the EC support to the education sector will be disbursed on the basis of the new review modalities established by the rider to the Financing Agreement.

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<sup>15</sup> The most recent data are for the 2004 school year. They include 2005 enrolment figures.

## **DEGREE OF INTEGRATION OF CROSS-CUTTING THEMES**

ETSIP includes **institutional development** modalities through a provision to integrate the Institutional Strengthening and Capacity Building Facility (ISCBF) into GRN systems. Funds for disbursements to the ISCBF will be held in the State account and direct vote funding will be applied. It is hoped in this way that capacity building can be better institutionalized and that national systems can be strengthened to better plan and manage capacity building initiatives.

The main areas of intervention in the course of 2006 through the ISCBF were support and capacity building in priority reform fields, establishment of the National Training Authority and Vocational Education and Training support and establishing HIV/AIDS activities in the education sector with specific support to build capacity of HAMU and RACE.

The MoE has recognised the centrality of the prevention of HIV/AIDS and has developed a national policy for the education sector that was adopted by Cabinet in May 2003 and embodied in the HIV/AIDS Medium Term Plan II & III. HIV/AIDS is now being mainstreamed throughout the ETSIP. In 2006 the curriculum for general education has been revised in order to mainstream HIV/AIDS, the policy on OVCs has been drafted, curriculum guidelines for adult education have been developed, regulatory frameworks and counselling support groups have been strengthened and negotiations on relief teachers system are underway.

**Gender** disparity in the education system is not, at face value, a critical issue. There are generally equal levels of enrolment for boys and girls at all levels of the system (49.1% of girls in primary and 53.1% in secondary in 2005). The higher educational attainment among girls in primary has also led to higher literacy among young girls compared to boys. In 2004, 94.4% of girls aged 15-14 years were literate compared to 91.3% of boys of the same age. And again, if large regional disparities still prevail and some regions register low level of literacy such as Omaheke (78.8%), girls are still better off than boys with respectively 21.2% illiterate against 27% for boys. It is however to be noted that performance of girls in secondary education remains a concern with a 48.4% promotion rate in Grade 10 (2004-2005) for girls against 51.7% for boys and repetition rates in the same grade of 7.9% for girls against 4.8% for boys. The opposite trend is to be found for primary education with boys registering a greater drop out rate in 2005 (e.g. 8.2% at the end of the primary cycle against 6.5% for girls).

The challenge of gender balance rather lies at the employment level and there is the need for the country to translate levels of educational attainment into greater opportunities for women in the labour market in general and in particular when it comes to decision-making and managerial positions.

## **2.2 Projects and programmes outside focal sectors**

All the details of these projects can be found in the annex in the detailed project sheets.

### **2.2.1 Economic and Social Sectors**

*8 ACP NAM 31 Capacity Building for Development Planning (CBDP)*

*9 ACP NAM 02 Namibia Education Sector Programme*

*9 ACP NAM 08 Namibia Trade and Regional Integration Programme (NTRIP)*

Following the cancellation of the TA tender early-2005, no progress had taken place in spite of the subsequent efforts by the NAO and the Delegation to propose alternative implementation modalities. Because the programme implementation did not move any further in 2006, the NAO decided in July to cancel the project's global commitment and re-allocate the funds to sector (in education) that would be able to absorb them. The main beneficiary: the Ministry of Trade and Industry, had a certain resistance to accepting EDF funding and more specifically EDF procurement rules to strengthen its negotiation capacity, notably for the EPA negotiations. Moreover, MoTI did not agree to allow access to the use of the funds availed by the programme to other stakeholder from the private sector and the civil society, which limited the possible alternatives to implement the programme.

## **2.2.2 Rural Development Sector**

*7 ACP NAM 76 Rural Town Sewerage Scheme for Karasburg*

*8 ACP NAM 23 National Agriculture Support Services Programme (NASSP)*

*8 ACP NAM 24 Upgrading of the Namibia Maritime and Fisheries Institute, Walvis Bay*

*9 ACP NAM 05 & 06 Rural Town Sewerage Scheme for Luderitz*

*9 ACP NAM 10 Rural Town Sewerage Scheme for Karasburg*

## **2.3 Utilisation of resources for NSAs**

No resources for NSA were available in 2006. The preparation of the 9<sup>th</sup> EDF support faced procedural hurdles related to financial guarantees to be provided by NSAs.

## **2.4 Utilisation of envelope B - ECHO**

No new global commitments for ECHO interventions were concluded in 2006. Although ECHO expected a request from UNICEF for an additional support to address the emergency caused by the polio surge reported. Such a request never came.

## **2.5 Other instruments**

### **2.5.1 Regional co-operation**

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

Following an initial standstill of the programme a contribution agreement was signed in June 2006. After a first payment, the Delegation, as requested by the EDF procedures, carried out an institutional assessment of SACU's financial and procurement procedures. The outcome of the assessment did not provide the necessary confidence in the existing SACU procedures to allow the institution to use its own procedures for the purpose of the contribution agreement, which, therefore has to be implemented on the basis of the EC procedures.

### **2.5.2 Community budget lines**

In 2006, Namibia benefited from 6 thematic budget line projects in the following sectors: HIV/AIDS/reproductive health (3 projects), rural development (1), environment (1) and capacity building (1). Three new projects in the fields of HIV/AIDS (1) and natural resource management (2) were also approved for funding and will commence implementation in 2007.

With budget line funded projects, the challenge lies in achieving greater synergies with EDF programmes and integration with national strategies. Overall, capacity strengthening of local civil society should be a priority in all thematic actions to encourage the development of grassroots democratic structures.

### **2.5.3 European Investment Bank**

In the energy sector, discussions during the year focussed on the planned 970 km power transmission link from Katima Mulilo to Gerus (north of Otjiwarongo), the so-called Caprivi Link Interconnector; it is expected that financial closure for the project will be reached in 2007.

Discussions continued regarding the development of the Kudu offshore gas field and the construction of a gas fired power station near Oranjemund. In this context, the Bank has provided assistance and conditional funding for the development of carbon credits for the Kudu project under its Climate Change Technical Assistance Facility (CCTAF).

In March 2006, the Bank signed a EUR 4 million financing facility for infrastructure development in Namibia with the Old Mutual Life Assurance Company (Namibia). Provided alongside the Old Mutual MIDINA (Managing Infrastructure Development in Namibia) Fund, the facility will be used to co-finance infrastructure and related investment projects undertaken by local authorities, state-owned enterprises or



private entities. The facility will be managed alongside the MIDINA Fund by Old Mutual Asset Managers (Namibia), the largest asset manager in Namibia. The rationale of the operation is to mobilise local and international resources to provide debt funding primarily for municipal and other infrastructure projects at appropriate maturities and competitive terms, while generating an acceptable return for investors. Eligible investment projects include transport infrastructure, telecommunications, power supply and distribution, water and sanitation projects, low cost housing as well as community projects in underdeveloped areas.

In October 2006, an EIB team carried out a review of the financial sector in Namibia with a view to identifying areas where the EIB could play a role in improving the access to financial services in particular by SMEs; the conclusions of this review will be discussed with potential financial intermediaries in 2007.

Other possible areas for future co-operation under the Cotonou Agreement / Investment Facility include port, transport, water & waste infrastructure, agro-industry, tourism, mining, and possibly the education sector.

### 3 ASSESSMENT OF THE PERFORMANCE INDICATORS

In the **education sector**, two school censuses are conducted each year, one at the beginning of the school year for operational and planning purposes and the other one (the Annual Education Census –AEC-) in September to monitor the state of education from year to year. However, despite improvements with the design and management of EMIS, there is still a two- year gap between the release of the education statistics and the year being monitored (for instance statistics for the year 2005 had still not been released at the end of 2006). It is to be noted that efforts are being undertaken for the current gap to be reduced to one year, hopefully by mid 2007. Moreover, the ministry foresees to start collecting baseline data for children enrolled in Early Childhood Centres and for Orphans and vulnerable children enrolled in pre-primary classes during fiscal year 07/08. Meanwhile existing problems with timeliness of information undermine the planning and budget process together with the relevance of sector performance measurement.

Another constraint of the current EMIS is its limited scope in terms of sub-sector covered (only Primary and Secondary education are comprehensively covered), and of disaggregation of data (so far limited to sex and regions). The sector wide approach promoted through ETSIP requires the availability of data for all sub-sectors concerned. For instance performance indicators related to early childhood and development still lack the requested information. Moreover, equity policies developed by the ministry in the sector call for a more refined disaggregation of data to address disparity issues (rural/urban, income groups, orphans, marginalized communities).

In view of the above, the performance assessment framework developed by the Ministry of Education to monitor progress in program implementation, although further improved, still shows information gaps. The current constraints limiting the measurement of sector performance have been taken up with the Ministry and should be tabled at the sector review in -June- 2007. This is in line with the provision in the draft Memorandum of Understanding that efforts will be continued to strengthen EMIS together with evaluation and impact assessment capacity, in order to produce robust, timely and transparent indicators.

For the **Rural Poverty Reduction Programme** it is too early to provide performance indicators for all components. For the Rural Water Supply component the targets have been achieved. The implementation of the Rural Roads component has been delayed mainly due to the lack of the understanding of the budget sector approach and the delay completing the road sector study funded by KfW. No specific targets have been set for the land reform component. Currently, the RPRP provides badly needed institutional support including training, and equipment urgently needed for the implementation of the land reform. For the implementation of the "Demand Driven Decentralised Actions" (DDDA) component it was decided due the lack of capacity at regional level and procedural difficulties, to launch a call for proposal which is more time consuming. More than 100 proposals were received from none state actors, of which twenty projects will be supported. The aim of the DDDA

component is to fight poverty by economic development. In the individual grant contracts, targets have been set.

With regard to the NASSP programme measurable indicators for poverty reduction have not been made. However, GRN and the Delegation consider that NASSP has successfully been implemented and provided useful results which are available for the RPRP.

#### 4 DONOR COORDINATION AND HARMONISATION

UNDP, acting on behalf of NPC initiated a process whereby development partners and GRN discuss a cooperation framework based on common and harmonized ways of interactions in order to limit transaction costs and ensure alignment with the aid effectiveness principles of the Paris Declaration, to which Namibia adhered in December 2006.

In the education sector a donor co-ordination process has been established to ensure a coherent approach to development co-operation. In 2006 work on a Memorandum of Understanding (MoU), the first of its kind in Namibia was on-going, establishing modalities for the joint and coordinated implementation of ETSIP in view of achieving the development objectives captured in the ETSIP Programme Document. The MoU, which was finally signed in 2007, spells out the roles, duties and commitments of the parties involved. Coordinated and harmonized sector development will be strengthened; predictability of the flow of external funding will be promoted towards improved budget execution and financial management and complementarily among Development Partners will be maximized towards greater effectiveness.

At the EU level, coordination and complementarity between the EC and MS, although not yet ideal, has improved on the basis of experience gained in the education and rural development sector. This has paved the way for a more effective preparation of the 10<sup>th</sup> EDF. Further work is planned first at the level of the Heads of Cooperation in order to increase the division of labour and finalise harmonisation road map.

#### 5 DIALOGUE IN COUNTRY WITH THE NAO AND NSAs

In a meeting between the NAO and Commissioner Michel in Gaborone in February, it was agreed to continue in the 10th EDF with the priority sectors of intervention under the 9th EDF.

Given the high importance attached by the Government to submit a "Compact" proposal to the Millennium Challenge Cooperation (MCC) with the aim to access grants which would exceed support under the EDF, an effort was made to coordinate the two programming processes, i.e. for the 10th EDF and for the MCC, to the maximum extent possible. This led to a certain delay in the programming process. Both Delegation and the NAO's office worked hard to catch up on the programming process. With a series of intensive meetings both at working and political level, work on the draft CSP/NIP was completed and the document was submitted to the Country Team before the end of the year. Consultations were held with civil society and local authorities' representatives at various stages of the process during meetings co-chaired by the Delegation and the NAO. NSA comments and suggestion were taken into account to draft the CSP/NIP, which was endorsed by them prior to the Country Team Meeting early-2007.

The framework for cooperation between GRN and civil society is laid out in the GRN-Civic Organisations Partnership Policy adopted in December 2005 by Cabinet. The overall goal of the policy is to create a partnership that works for the entire country, its citizens and their civic organisations and for GRN. The policy recognises that despite the mention of the role of civil society in most policies and the promotion of cooperation, civil society participation in de facto policy implementation has been minimal due to the lack of a partnership framework and poor information sharing on development opportunities.

To address capacity constraints for partnership on the side of civil society, the NAO and the EC have developed a programme for civil society capacity strengthening through the umbrella organisation Namibia Non-Governmental Organisation Forum (NANGOF) funded under EDF 9 by which financial resources, capacity building support will be provided to increase NSA's involvement in the implementation of cooperation projects and programmes in areas that concern them. Through technical

assistance provided, NPC's capacity to implement the policy will also be strengthened. It is expected that the impact of these interventions will trickle down in terms of better participation from civil society in the development of the country and greater involvement in the preparation and implementation of the 10<sup>th</sup> EDF.

## 6 CONCLUSIONS

President Pohamba's political approach is following the policies in place since Independence, but putting emphasis on measures of good governance in general and the fight against corruption. In the international context, Namibia remains an active member of the African Union, SADC and SACU. President Pohamba announced his will of a stronger cooperation within the AU to achieve the objectives of continental unity, currently, in his view, underpinned by too much regional integration emphasis.

The Namibian economy has registered a moderate growth and increasing inflation during 2006. Its high degree of openness coupled with a lack of diversification of economic activities make it very vulnerable in the world economic context. The country remains heavily dependant on the exchange of goods and services from South Africa, in spite of GRN's efforts to reduce it by favouring trade with other neighbouring countries and other countries such as China, India, or Brazil. Exports earnings in 2006 increased due to the international increase in commodity prices and a weakened currency.

Namibia is supporting the SADC group positions in the EPA negotiations. The March 2006 configuration was favourably received by the EU early-2007. Despite the difficulties and existing differences of view Namibia negotiators remain committed to work towards concluding the EPA negotiations by the end 2007.

For the first time since Independence, the level of poverty recorded substantially decreased by 10%, on the basis of the NHIES of 2003/04, provisionally published in 2006. The disparities between rural and urban areas and between the groups of different ethnic origins remain important. In spite of improvement in the Gini coefficient, Namibia remains one of the most unequal countries in the world.

Results achieved in the education sector do not match the level of the investments made. Development partners have teamed up with GRN since 2005 to develop a comprehensive strategy that concluded in a joint satisfactory appraisal of ETSIP, which the EC is supporting through a contribution to the budget.

Addressing the rural poverty situation, the second focal area under the 9th EDF, is a highly demanding task when taking Namibia's climatic conditions into consideration. In order to have a positive impact the implementation of the RPRP a multi-sector approach, from agriculture, tourism, land reform and rural infrastructures is needed. The implementation progress of the different components indicates that a successful completion of this programme will require an extended implementation period of one to two years. The implementation of the RPRP will provide very important expertise for the 10th EDF programme, particularly with regard to the decentralised demand driven projects, which are mainly implemented by non-state actors.

In spite of substantial progress there is still strong need for further in gender & environment. The fight against HIV/Aids has resulted in tangible improvements but 2006 saw no progress. Since most of funding originates from external assistance, concerns can be raised on the sustainability of the improvements as the pandemic remains the most important obstacle to progress in economic and social development.

The cooperation between the EC and Namibia is highly valued by both sides and makes a significant contribution to poverty reduction and long-term sustainable development leading to a more equitable distribution of resources for the Namibian people.

The perspective for the future is based on the continuation of support in the current 9th EDF focal sectors: human resources and rural development during the 10th EDF. 2007 and 2008 will be the transition period between the two, with the finalisation of on-going operations and the preparation of the new ones. ETSIP is now a genuine integrated SWAp that will be consolidated by a MoU organising the cooperation between GRN and DPs on the basis of the Paris Declaration on aid effectiveness. For rural development,

following a satisfactory MTR of RPRP, the challenge remains to ensure that the limited capacity on the Namibian side will be overcome in a sustainable manner to ensure a full use of the 9th EDF funds. GRN is also working towards a finalisation of a SWAp of all RD activities under NDP3, which would pave the way for a better integration of the 10th EDF support with the Namibian development strategy through increased (sector) budget support.

## 7 ANNEXES

### **Table of annexes**

- 7.1 General annex
  - Country at a glance
  - Selected Social Indicators related to the MDGs
  
- 7.2 Annexes with a retrospective character
  - 9th EDF (grants) and any previous EDF
  - Regional projects
  - EIB projects
  - Budget lines
  
- 7.3 Annexes with a prospective character
  
- 7.4 Project sheets

## 7.1 General annex – Country at a glance

	2000 '99/2000	2001 2000/01	2002 2001/02	2003 2002/03	2004 2003/04	2005 2004/05	2006 2005/06 Est.	2007 2006/07	2008 2007/08 Projections	2009 2008/09
<b>Basic data</b>										
1 Population (in 1,000)	1,771	1,788			2,000	2,031				
1a annual change in %	2.2				1.4	1.1				
2a GDP at current market price (in NAD million) (1)	23,690	27,686	32,908	33,842	36,181	38,560	42,303	46,702	51,252	55,397
(in USD million)	3,080	2,215	3,122	4,476	5,601	6,061	6,465	6,965	7,519	7,932
2b Nominal GDP per capita (2) (USD)				2,253	2,792	2,984	3,157	3,373	3,611	3,778
2c (annual change in %) (2)	11.0	16.7	15.9	0.4	4.4	4.2				
3 Real GDP (annual change in %)	3.5	2.4	6.7	3.5	6.6	4.2	4.5	4.5	4.5	N/A
4 Gross fixed capital formation (in % of GDP) (4)	12.2	11.5	16.8	19.2	17.7	15.4				
<b>International transactions</b>										
5a Exports goods f.o.b. (USD million)	1,320.9	1,142.1	1,072.4	1,250.9	1,823.4	2,066.6	2,420.1	2,566.6	2,623.7	2,479.0
5b Services (USD million)	-107.3	16.5	57.2	165.4	54.9	43.2	69.6	102.0	144.9	194.1
5c Imports f.o.b. (USD million)	-1,311.7	-1,341.3	-1,280.0	-1,711.1	-2,107.0	-2,332.0	-2,558.8	-2,782.7	-2,977.2	-3,137.4
5d Exports of goods and services (in % of GDP) (4)	39.4	52.3	36.2	31.6	33.5	34.8	38.5	38.3	36.8	33.7
of which the most important:										
diamonds (USD million)	612.5	523.8	533.3	510.9	824.5	848.3	962.2	1046.6	1168.3	1049.6
diamonds (in % GDP)	19.9	23.6	17.1	11.4	14.7	14.0	14.9	15.0	15.5	13.2
other minerals (USD million)	185.7	194.4	200.3	182.6	275.0	426.4	462.3	392.2	350.8	321.5
other minerals (in % GDP)	6.0	8.8	6.4	4.1	4.9	7.0	7.2	5.6	4.7	4.1
fish (USD million)	184.8	157.4	149.8	229.5	178.7	155.9	189.8	189.8	190.5	189.6
fish (in % GDP)	6.0	7.1	4.8	5.1	3.2	2.6	2.9	2.7	2.5	2.4
6 Trade balance (in % GDP)				-10.3	-5.1	-4.4	-2.1	-3.1	-4.7	-8.3
7 Current account balance including transfers (in % of GDP)			3.3	5.1	9.5	7.2	13.9	13.0	8.4	4.3
8 Net inflows of foreign direct investment (in % of GDP)	3.2	1.4	78.0	7.9	6.3					
9 External Debt/GDP (%)				23.0	21.2	20.9	20.8	20.0	19.6	19.6
10 Service of external debt (in % current external receipts)			2.9	2.4	13.7	11.5	10.2	10.1	9.5	N/A
11 Foreign exchange reserves (in months of imports of goods and services)			2.3	2.0	1.7	1.4	1.6	1.7	1.7	1.7
<b>Government</b>										
12 Revenues (in % of GDP)	33.6	33.1	31.8	28.3	31.0	33.0	36.0	34.7	31.1	31.1
Of which: SACU receipts				8.8	11.4	9.9	14.9	12.9	8.6	8.2
Of which: grants			0.2	0.1	0.1	0.2	0.4	0.2		
13 Expenditure and net lending (in % of GDP)	35.8	34.2	34.2	35.8	34.4	33.7	35.9	35.5	34.8	34.3
Of which: personnel expenditures				14.9	14.8	14.9	15.0	15.1	14.9	14.7
Of which: capital expenditure and net lending				5.7	5.3	4.3	6.1	6.1	6.0	6.0
14a Deficit (in % of GDP) including grants	-2.2	-1.1	-2.4	-2.5	-7.2	-3.7	-1.2	0.2	-1.7	-2.4
14b Deficit (in % of GDP) excluding grants			-2.6	-2.6	-7.3	-3.9	-1.6	0.0		
15 Debt (in % of GDP)	22.0	20.6	24.3	29.5	33.8	32.3	33.7	33.2	32.4	32.3
Of which: external (in % of total public debt)	14.5	17.0	20.2	12.5	13.6	17.3	14.5	19.0	19.8	18.9
<b>Other</b>										
16 Consumer price inflation (annual average change in %) (4)	9.30	9.20	11.30	7.20	4.10	2.30	5.00	5.60	5.00	4.50
17 Interest rate (for money, annual rate in %) (3)	15.90	14.00	17.50	12.50	12.25	11.75	12.25			
18 Exchange rate (annual average of national currency per 1 USD) (4)	7.69	12.50	10.54	7.56	6.46	6.36	6.75	7.25	7.40	7.40
19 Unemployment (in % of labour force, ILO definition)	34									
20 Employment in agriculture (in % of total employment)										

(1) Source: Actual data until 2004, BoN - Forecasts MoF  
(2) Source: BoN  
(3) Source: BoN (Prime Lending Rate)  
(4) Source: CBS, NPC, Preliminary National Accounts 2005

Other sources: IMF, Consultation Article IV, 2006

**Selected Social Indicators related to the MDGs**

Type	Indicator	1991	1992	1993/4	1994	2000	2001	2002	2003	2003/4	2004	2005	2015	
Impact	1. Food Consumption Ratio (FCR) <sup>a</sup> [1]			38.0						27.9				
	2. Prevalence of underweight children <5 years of age <sup>b</sup>						0.10	0.08	0.08		0.08	0.135		
	3.a < 5 mortality rate (per 1,000 live births) <sup>b1</sup>						100.2	78.9	82.3		91.7	88.9		
Outcome	3.b < 5 mortality rate (per 1,000 live births) <sup>b2</sup>		83.0			62.0								
	4. Net enrolment ratio in primary education <sup>c</sup>					91.3	89.1	93.7	95.7		94.0			
	5. Primary Completion Rate <sup>c</sup>					72.6	73.4	73.2	74.2		78.8			
	6. Ratio of girls to boys in primary, secondary and tertiary education <sup>c</sup>	Primary					100.4	100	100.4	100	0	99.6		
		Secondary					111.9	113.7	113.2	112.3	0	112.3		
		Tertiary					-	-	-	-				
	7. Proportion of births attended by skilled health personnel													
	8. Proportion of 1 year old children immunised against measles <sup>b</sup>						0.78	0.71	0.70		0.71	0.70		
	9. HIV prevalence among 15-24 yr old pregnant women <sup>c</sup>	< 20 years of age				6	12		11			9.9		
		20-24 years				11	20		22			18.2		
all ages			4.2			19.3		22.0			19.7			
10. Proportion of population with sustainable access to an improved water source <sup>c</sup>		65.0					87.0							

- a 1993/4 NHIES and 2003/4 NHIES
- MoHSS, Health Information System
- b1 (HIS)
- MoHSS, Namibia Demographic
- b2 Health Survey (NDHS)
- MoE, Education Management
- c Information System (EMIS)
- MoHSS, Report on the 2004 HIV
- d Sentinel Survey
- e 2001 Population and Housing Survey

[1] The Food consumption ration (FCR) is used as a very crude indicator of poverty. If FCR of a household is more than 60% then such households are considered as poor. If the ratio is more than 80% then they are considered as severely poor.

## 7.2 Annexes with a retrospective character

### 7.2.1 9th EDF (grants) and any previous EDF

				SITUATION END 2006		
YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	TITLE GLOBAL COMMITMENT	END date of implementat <sup>e</sup>	GLOBAL COMMIT.	INDIV. COMMIT	RAP
<b>TOTAL ON ONGOING GLOBAL COMMITMENTS</b>				<b>113,749,000</b>	<b>87,152,116</b>	<b>26,596,884</b>
1998	8ACP NAM1	NAMIBIA TOURISM DEVELOPMENT PROGRAMME/DEV. PHASE (+ 7NAM034)	20050630	7,200,000	6,986,976	213,024
1998	8ACP NAM4	SADC REGIONAL MONIT.-CONTROL-SURVEILL. OF FISHING+8RAU001	20061231	840,000	818,058	21,942
2000	8ACP NAM11	SUPPORT FOR STD AND HIV/AIDS ACTIVITIES IN NAMIBIA	20041231	1,350,000	1,347,970	2,030
2000	8ACP NAM17	MULTIANNUAL MICROPROJECTS PROGRAMME NAMIBIA	20041031	4,000,000	3,904,404	95,596
2001	8ACP NAM23	NATIONAL AGRICULTURAL SERVICES SUPPORT PROGRAMME	20061231	6,000,000	5,987,889	12,111
2001	8ACP NAM24	UPGRADING NAMIBIAN MARITIME & FISHERIES INSTITUTE AT WALVIS	20061031	1,900,000	1,822,630	77,370
2002	7ACP NAM76	RURAL TOWN SEWERAGE SCHEME - KARASBURG	20070731	1,550,000	1,400,794	149,206
2002	8ACP NAM25	SOCIO-ECONOMIC INTEGRATION OF EX-COMBATANTS	20040701	1,242,000	1,105,852	136,148
2002	8ACP NAM31	CAPACITY BUILDING FOR DEVELOPMENT PLANNING	20081231	3,200,000	2,923,211	276,789
2003	9ACP NAM2	NAMIBIA EDUCATION SECTOR PROGRAMME (ESP) 2003-2007	20090930	21,000,000	21,000,000	0
2003	9ACP NAM3	RIDER 2 : SUPPORT TO STD AND HIV ACTIVITIES (8 ACP NAM 11)	20041231	200,000	200,000	0
2003	9ACP NAM4	TECHNICAL ASSISTANCE TO NAO - RURAL PROFILE STRATEGIC FRAMEW	20060430	107,000	84,463	22,537
2003	9ACP NAM6	DESIGN & PREP. TENDER DOCUMENTS - WATER RECL. PLANT LUDERITZ	20061231	150,000	132,000	18,000
2004	9ACP NAM5	RURAL TOWN SEWERAGE SCHEME - LUDERITZ	20110331	3,500,000	3,500,000	0
2004	9ACP NAM7	TECHNICAL COOPERATION FACILITY	20100630	2,000,000	883,406	1,116,594
2004	9ACP NAM8	NAMIBIA TRADE AND REGIONAL INTEGRATION PROGRAMME (NTRIP)	20111231	3,000,000	0	3,000,000
2004	9ACP NAM9	HIV/AIDS RESPONSE CAPACITY DEVELOPMENT PROGRAMME (HRCDP)	20101231	3,200,000	3,189,778	10,222
2004	9ACP NAM10	AUGMENTATION DE PLAFOND DU PROJET 7 ACP NAM 76	20070731	310,000	207,532	102,468
2004	9ACP NAM12	RURAL POVERTY REDUCTION PROGRAMME	20111231	53,000,000	31,657,154	21,342,846
2006	9ACP NAM13	NAMIBIA CIVIL SOCIETY CAPACITY BUILDING PROGRAMME	20131231	0	0	0
2006	9ACP NAM14	PUBLIC FINANCE MANAGEMENT SUPPORT PROGRAMME (PFMSP)	20131231	0	0	0

### 7.2.2 Regional projects

				SITUATION END 2006		
GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	TITLE GLOBAL COMMITMENT	END date of implementat <sup>e</sup>	GLOBAL COMMIT.	INDIV. COMMIT	RAP
<b>TOTAL ON ONGOING GLOBAL COMMITMENTS</b>				<b>8,740,000</b>	<b>8,021,052</b>	<b>718,948</b>
1998	8ACP RAU1	SADC REGIONAL MONIT.-CONTROL-SURVEILL. OF FISHING (+8NAM004)	20061231	5,740,000	5,699,923	40,077
2003	8ACP TPS154	ECONOMIC INTEGRATION SUPPORT PROGRAMME TO THE BLNS - PHASE I	20071231	3,000,000	2,321,129	678,871



### 7.2.3 EIB projects

#### EIB Loan Portfolio in Namibia

Situation as at 31.12.2006

Loans from EIB's Own Resources											
Loan No.	Name		Evolution	Signed on	Amount signed/approved (EUR)	Amount disbursed (EUR)	Amount cancelled (EUR)	Amount remaining for disbursement	Amount outstanding (EUR)	1st repayment date	last repayment date
17203	NAMIBIA-WINDHOEK WATER SUP. A	LOME - CONVENTION 4	VERSE	4/12/1994	3,000,000.00	3,000,000.00		-	599,595.60	9/15/1997	3/15/2009
17667	WINDHOEK INFRASTRUCTURE	LOME - CONVENTION 4	VERSE	11/25/1994	8,100,000.00	8,100,000.00		-	4,650,753.43	5/20/1999	11/20/2014
18016	TELECOM NAMIBIA NETWK DIGITAL	LOME - CONVENTION 4	VERSE	6/26/1995	12,700,000.00	12,700,000.00		-	4,973,602.95	12/20/1999	6/20/2010
19022	NAMIBIA-NAMPORT	LOME - CONVENTION 4	VERSE	10/21/1996	12,000,000.00	12,000,000.00		-	7,838,023.79	4/15/2002	10/15/2016
19223	NAMIBIA-PRIVATE SECTOR GL	LOME - CONVENTION 4	VERSE	12/12/1996	8,000,000.00	6,000,000.00	2,000,000.00	-	1,571,146.89	6/10/2000	12/10/2009
17767	NAMIBIA-SOUTH AFRICA 400KV INTERCONNECTO	LOME - CONVENTION 4 - PROT.2	VERSE	11/5/1998	55,000,000.00	55,000,000.00		-	41,580,000.00	6/20/2002	6/20/2018
17772	NAMIBIA - TELECOM II (SL)	LOME - CONVENTION 4 - PROT.2	VERSE	11/16/1998	10,000,000.00	7,274,928.00	2,725,072.00	-	4,900,999.65	5/15/2003	11/15/2013
20256	WINDHOEK INFRASTRUCTURE II (SO)	LOME - CONVENTION 4 - PROT.2	VERSE	9/28/1999	10,500,000.00	10,500,000.00		-	8,892,450.00	1/31/2004	7/31/2019
20801	NAMIBIA PRIVATE SECTOR GL II A	LOME - CONVENTION 4 - PROT.2	VERSE	11/17/2000	8,000,000.00	5,996,730.35	2,003,269.65	-	2,282,925.16	5/10/2004	11/10/2013
21290	NAMPOWER II	LOME - CONVENTION 4 - PROT.2	SIGNE	11/14/2001	35,000,000.00	30,000,000.00		5,000,000.00	27,370,670.80	9/15/2006	9/15/2021

Loans from Risk Capital Resources											
Loan No.	Name		Evolution	Signed on	Amount signed/approved (EUR)	Amount disbursed (EUR)	Amount cancelled (EUR)	Amount remaining for disbursement	Amount outstanding (EUR)	1st repayment date	last repayment date
70890	NAMIBIA - OKAPUKA TANNERY	LOME - CONVENTION 4	VERSE	11/19/1992	2,500,000.00	2,500,000.00		-	-	9/15/1996	9/15/2004
70946	WINDHOEK WATER SUPPLY B	LOME - CONVENTION 4	VERSE	4/12/1994	3,000,000.00	3,000,000.00		-	1,710,300.00	3/15/2000	3/15/2014
71034	OKAPUKA TANNERY II - NAMIBIA	LOME - CONVENTION 4	VERSE	12/12/1995	920,000.00	920,000.00		-	343,436.00	11/25/1999	11/25/2010
71102	SKORPION FEAS. STUDY	LOME - CONVENTION 4 - PROT.2	VERSE	6/4/1998	2,000,000.00	1,725,477.99	274,522.01	-	575,159.27	5/31/2003	5/31/2008
20257	WINDHOEK INFRASTRUCTURE II (SS)	LOME - CONVENTION 4 - PROT.2	VERSE	9/29/1999	2,500,000.00	2,500,000.00		-	2,227,000.00	7/31/2005	7/31/2019

### 7.2.4 Budget lines

#### ACTIVE EC BUDGET GRANT CONTRACTS NAMIBIA December 2006

No	Domain	Contract	Contracting party	Title	Start Date	End Date	Total cost
1	ENV	60360	IBIS	Environmental Capacity Development Programme	7/1/2003	12/31/2006	1,348,704
2	ONG-PVD	11676	VZW OXFAM-SOLIDARITEIT	SUPPORT TO ENHANCE LIVESTOCK MARKETING OF COMMUNAL FARMERS/NAMIBIA	1/1/2002	6/30/2006	415,877
3	ONG-PVD	63426	VOLUNTARY SERVICE OVERSEAS LBG	NAMIBIA DISABILITY PROGRAMME	7/27/2004	7/27/2009	1,007,486
4	ONG-PVD	94997	DEUTSCHES ROTES KREUZ EV	HIV/AIDS PREVENTION, CARE AND TREATMENT SUPPORT IN OSHANGWENA REGION, NAMIBIA	4/1/2006	4/1/2010	964,582
5	SANTE	60800	POPULATION SERVICES INTERNATIONAL /EUROPE	B7-6211/2001/0464 - Social Marketing of Voluntary Counselling & Teaching Services In Namibia For HIV Prevention	6/1/2002	8/31/2006	1,950,240
6	SANTE	100395	HEALTH LIMITED	Namibia Adolescent Sexual and Reproductive Health Project	4/1/2006	3/31/2009	1,231,818

### 7.3 Annexes with a prospective character

NAMIBIA				Forecast (2007)			Forecast (2008)		
ACCOUNTING NUMBER of GLOBAL commit.	TITLE GLOBAL COMMITMENT	END date of impl./mental	Global Commitment (new or increase)	Disbursement	Commitments	Decommitments	Disbursement	Commitments	Decommitments
<b>ONGOING GLOBAL COMMITMENTS</b>			<b>13,924,000</b>	<b>39,549,328</b>	<b>37,460,000</b>	<b>6,091,041</b>	<b>23,094,024</b>	<b>1,931,000</b>	<b>0</b>
8ACP NAM1	NAMIBIA TOURISM DEVELOPMENT PROGRAMME/DEV. PHASE I (+ 7NAM034)	20050630				217,237			
8ACP NAM4	SADC REGIONAL MONIT.-CONTROL-SURVEILL. OF FISHING-GRAUDET	20091231		67,810		21,942			
8ACP NAM11	SUPPORT FOR STD AND HIV/AIDS ACTIVITIES IN NAMIBIA	20041231		16,560		13,134			
8ACP NAM17	MULTIANNUAL MICROPROJECTS PROGRAMME NAMIBIA	20041031		0		95,596			
8ACP NAM23	NATIONAL AGRICULTURAL SERVICES SUPPORT PROGRAMME	20061231		627,012		161,247			
8ACP NAM24	UPGRADING NAMIBIAN MARITIME & FISHERIES INSTITUTE AT WALVIS	20061031		3,800		110,260			
7ACP NAM76	RURAL TOWN SEWERAGE SCHEME - KARASBURG	20070731		8,272		149,852			
8ACP NAM26	SOCIO-ECONOMIC INTEGRATION OF EX-COMBATANTS	20040731				106,148			
8ACP NAM31	CAPACITY BUILDING FOR DEVELOPMENT PLANNING	20081231		1,420,849	1,555,000	513,063	387,696		
9ACP NAM2	NAMIBIA EDUCATION SECTOR PROGRAMME (ESP) 2003-2007	20080930	3,000,000	7,500,000	3,000,000		600,000		
9ACP NAM3	RIDER 2 - SUPPORT TO STD AND HIV ACTIVITIES (8 ACP NAM 11)	20041231							
9ACP NAM4	TECHNICAL ASSISTANCE TO NAO - RURAL PROFILE STRATEGIC FRAMEW	20060430							
9ACP NAM6	DESIGN & PREP. TENDER DOCUMENTS - WATER RECL. PLANT LUDERITZ	20061231		24,660					
9ACP NAM5	RURAL TOWN SEWERAGE SCHEME - LUDERITZ	20110331	700,000	2,781,953	700,000		1,170,900	34,000	
9ACP NAM7	TECHNICAL COOPERATION FACILITY	20100830		677,967	600,000	4,167	368,768		
9ACP NAM8	NAMIBIA TRADE AND REGIONAL INTEGRATION PROGRAMME (NTRIP)	20111231				3,000,000			
9ACP NAM9	HIV/AIDS RESPONSE CAPACITY DEVELOPMENT PROGRAMME (HRCDP)	20101231		1,190,931	440,000	596,025	1,193,580	38,000	
9ACP NAM10	AUGMENTATION DE FOND DU PROJET 7 ACP NAM 76	20070731					102,468		
9ACP NAM12	RURAL POVERTY REDUCTION PROGRAMME	20111231		23,188,814	22,287,000	969,912	16,568,850	1,048,000	
9ACP NAM13	NAMIBIA CIVIL SOCIETY CAPACITY BUILDING PROGRAMME	20131231	1,604,000	201,000	678,000		494,000	310,000	
	TECHNICAL COOPERATION FACILITY II		520,000	140,000	240,000		312,000	520,000	
9ACP NAM14	PUBLIC FINANCE MANAGEMENT SUPPORT PROGRAMME (PFMSP)		8,000,000	1,500,000	8,000,000	0	3,000,000		

## 7.4 Project sheets





## Project Summary

Name	CAPACITY BUILDING FOR DEVELOPMENT PLANNING			
Reference	FED/NA/12287			
Sector DAC	15110 - Economic and development policy/Planning			
State	Ongoing			
Geographical zone	NA - Namibia			
EU contribution	3,200,000.00 EUR			
Last updated	14/05/2007			
Decision date				
Commitment date (BL)				
Starting date				
Expected end date				
Financial convention reference	12287			
Delegation and person in charge	NA - Namibia POMOELL-SEGUROLA Jutta DEL / WDH tel: *80074 e-mail: Jutta.POMOELL-SEGUROLA@ec.europa.eu			
Financial data				
Year	Committed	Contracted	Paid	Remainder to pay
-				

### **1. Description**

This four-year, 3.2 M. support programme of the National Planning Commission (NAO) has the overall objective to increase the effectiveness of national development planning and management as a means of contributing to the reduction of poverty in Namibia. The programme outputs are as follows:

1. A well integrated and effective planning system in place
2. Integrated evaluation and monitoring system in place
3. Efficient information management systems in place
4. Development cooperation resources managed in an effective and accountable manner
5. NSAs' involvement in development partnership with GRN increased
6. Professional and technical standards and competencies enhanced.

The programme outputs were revisited following a MTR exercise in mid-2005.

### **2. Origin, context and key assessments**

The programme responds to the need to build long-term capacity within the National Planning Commission to effectively deliver on its mandate on development planning and development cooperation. Following the MTR, it was decided that a greater focus would be put on establishing NAO capacity for the EC to be able to hand-over functions to the NPC as per Cotonou. The NAO functions would also be compatible with other donor programmes requiring national management. Due to staffing constraints and low commitment of NPC to the programme, progress has been slow. The programme is currently implementing PE5 with only one of the two foreseen long-term TAs and it is expected that the implementation rate of the PE will rise only to 50%. It is expected that with a new TA to DDC on-board implementation could pick up.

### **3. Summary of project implementation**

The programme is currently implementing PE 5 which runs from June 2006- November 2007. PE 5 is wide in its coverage of activities with support being channelled evenly between the 6 results areas. Main activities under the PE include support to the review of the national planning system and the development of NDP3, training on EDF, hiring of staff for a new division within the Directorate of Development Planning, namely the division for Development Cooperation Resource Management (NAO functions among others), and support to the implementation of the GRN -Civic Organisation Partnership Policy. It is estimated that activities that are under the umbrella of development planning will experience slow implementation as the TA for this component resigned his position in March 2006 and a replacement is still outstanding. NPC has also recently signalled a need for a change of the TA covering the directorate of development cooperation due to low performance. Overall, the very weak capacity of NPC to manage this change programme is a cause of concern for this programme and EDF implementation at large. Although the programme addresses a valid capacity gap, the lack of strong focus and drive by the partner institution limits the project's ambitions and reduces it to an ad hoc support facility rather than a driving force for change within the institution.

### **4. Changes in the context and in the key assessment areas**

The programme logframe was revised in connection with the MTR in mid-2005 to reflect a new project environment.

### **5. Progress in achieving objectives**

Due to an initial lack of a SWOT analysis and the non-systematic documentation of training activities and their coverage, programme impact is difficult to assess. However, due to the reasons outlined under point 7, progress towards objectives has been recognised to be slow.

### **6. Financial execution**

With a need to extend the service contract of Helsinki Consulting Group to allow for more TA to bridge the gap between this intervention and support under EDF 10, it can be expected that the programme will utilise all funds allocated under the global commitment. However, the ad hoc utilisation of the TA provided is a cause of concern for the sustainability of project achievements.

### **7. Issues arising and action required**

The project has - since its inception - experienced a pull between assisting the NAO with his functions as per the Cotonou agreement and building long-term capacity in the National Planning Commission at large. Although not mutually exclusive

objectives per se, these conflicting demands have made programme management difficult for the TAs. Also, the very weak institutional capacity of NPC, the weak motivation of its staff and its low standing with other ministries have made progress difficult. Against this background, a shift in the type and level of capacity building envisaged under the programme was required at the beginning of the project and this need was highlighted again in the MTR exercise in 2005. Consequently, the programme has focused on basic skills training to a large degree. The programme has also suffered from changes in TA as the original team of 2 experts resigned in mid-2005, to be replaced only in November 2005. Out of the new TA team of 2, one TA resigned in March 2006 with a replacement still outstanding due to difficulties with identifying acceptable TORs. In addition, NPC has recently signalled a need to change the remaining TA who is working with the NAO functions. Ultimately the success of the project will depend on whether the leadership of NPC utilises project resources effectively to strengthen the institution.

#### **8. Cross-cutting and other issues**

Gender balance is considered in the trainings offered under the programme.







## Project Summary

Name	NAMIBIA EDUCATION SECTOR PROGRAMME (ESP) 2003-2007			
Reference	FED/NA/12587			
Sector DAC	11110 - Education policy and administrative management 11220 - Primary education			
State	Ongoing			
Geographical zone	NA - Namibia			
EU contribution	21,000,000.00 EUR			
Last updated	26/06/2007			
Decision date				
Commitment date (BL)				
Starting date				
Expected end date				
Financial convention reference	12587			
Delegation and person in charge	NA - Namibia BRAVO HEVIA Begona L-41 10/003 BRU tel: +32 2 2992733 e-mail: Begona.Bravo-Hevia@ec.europa.eu			
Financial data				
Year	Committed	Contracted	Paid	Remainder to pay
-				

## **1. Description**

A central policy objective of the Government of the Republic of Namibia (GRN) is to fight poverty through a process of economic development, and job creation. A primary strategic mechanism to achieve this is through the education and training sector. Education has been in Namibia a development priority since independence, accounting for 25% of total GRN expenditure, and 9% of GDP. Nevertheless the level of achievement has not been up to the investments made and quality, equity and efficiency of the system remain critical issues. Many pupils are not gaining the basic skills of functional literacy and numeracy. The system is not yet able to meet the demand of skilled human resources. Across the sector, there is an uneven distribution of qualified teachers, facilities, teaching and learning material and there is a need to reach out to the educationally marginalized. Education must make the pro-poor condition that is expected in the National Poverty Reduction strategy.

The Government of Namibia is committed to fostering a policy-driven sector approach to development in Education in pursuit of a quality Education for all. Detailed sub-programs have been set out to contribute in addressing the current constraints and advancing the policy goals of improved access, equity, quality, and efficiency

The EC has proposed to support the government in his endeavour by providing support to the Education Sector Programme. This is the first Sector Policy Support Programme (SPSP) and first budget support operation that the EC has entered into in Namibia.

EC support to the education sector under the ESP is premised on the establishment of an integrated and effective human resource development strategy as part of a sector wide approach (SWAP). The sector policy framework was set out in the strategic plans of the two education ministries, an MTEF was introduced in 2001 across the GRN budget, and sector coordination mechanisms were in place.

In line with the NDP2 and strategic plans, the objectives of the EC support, set out in the CSP and the ESP Financing Agreement include the following: consolidate and expand equitable access to quality education; improve the quality and relevance of learning, especially in helping learners achieve basic competencies in key subjects; enhance teacher development programmes, alongside effective teacher demand and supply system; enhance access to and effectiveness of vocational education and training (VET), linked to the labour market and giving youth and adults more marketable skills; provide opportunities for life long learning to adults; support the development of the management cadre at central and regional levels to implement GRN strategies to address HIV/AIDS in education.

The programme also aims to support GRN efforts to build the institutional and organisational capacity of the education system to deliver improved services through more effective and accountable sector planning, management and monitoring.

The initial support to the ETSIP showed its limitation and the need to further develop the sector programme and results framework. Starting in 2003, the Ministry of Education has analyzed the education and training system in detail and the analysis focused on the shortcomings of the system in order to enable to design an improvement programme. The process led to a complete review of the sector by a technical team of the World Bank supported by the EC. Guided by this review, MoE has consequently held different rounds of consultations to develop and then revise the Education and Training Sector Improvement Programme (ETSIP). The programme document Phase I (2006-2011) has been approved in April 2006.

## **2. Origin, context and key assessments**

By supporting the ESP through sector budget support, the EC is not targeting specific sub-sector activities, but rather enabling the development of a comprehensive sector programme, and monitoring progress towards this (process) and overall sector performance (outcomes) against commitments made at the Joint Annual Review.

However, the GRN indicated in the early phase of this support that key priority areas/ programmes, as set out in the ministry strategic plans and medium term plans, included improved curriculum and teacher development, continued expansion of primary education facilities, examinations and assessment, education system response to HIV/AIDS, vocational education and training, and adult learning.

Although achievements and progress in the sector over the last 15 years have been recognized and appreciated, it has also been acknowledged that at the current level of performance in education, the system will not be in a position to produce citizens who are capable of making Namibia a knowledge-based economy as expected in Vision 2030.

Beyond the recognition the sector under-performance, the education ministries agreed that the existing strategic plans failed to

take a comprehensive view of the sector and account for all resources and expenditures.

This background led the ministries to develop, with technical support from the World Bank and other donors, the Education and Training Sector Improvement Programme (ETSIP) 2005-2020. ETSIP is a 15 year comprehensive plan for the sector, representing the sector response to the call of Vision 2030. Its key purpose is to substantially enhance the sector's contribution to the attainment of strategic national development goals and to facilitate the transition to a knowledge based economy. It sets out key policies and strategies that will be rolled out under medium term (3 year) programmes. By adopting a pro-poor approach to the distribution of opportunities for high quality and market responsive education and training opportunities, ETSIP will also contribute directly to the attainment of equitable social development.

ETSIP is phased into 3 five year cycles with the first cycle spanning 2006/07 to 2010/11, which coincides with the 3rd national development plan. It is a comprehensive sector-wide program that covers:

Early Childhood Development and pre-primary education

General education

Vocation education and training

Tertiary education and training

Knowledge and innovation

Information, Adult and lifelong learning

As part of this, EC is providing technical support to the planning and implementation of this programme. This is now the policy framework to guide the sector.

Projections on the basis of prioritisation, sequencing, financing and implementation of these reforms have been made as part of policy dialogue between the Government and development partners. The programme is costed for the first phase and sector indicators and targets have been developed and are compiled in a result framework.

It is clear from the analysis during the 2004 sector review that development partner funds, particularly those disbursed through the State Revenue Fund (SRF), are important to the sustained provision of inputs that impact on educational quality, while providing the fiscal space needed to manage internal restructuring of the sector and implement priority programmes and reforms. It will be essential for the EC and other DPs to see progress in the implementation of these reforms in the first phase of ETSIP implementation.

### **3. Summary of project implementation**

Fiscal year 2006/2007 saw the beginning of implementation of the new ETSIP. The programme now presents a comprehensive plan to achieve Namibia's development objectives of greater equity and prosperity for all, notably by increasing educational investment in disadvantaged areas and communities. The joint appraisal of ETSIP completed in October 2006 and the renewed work on the Memorandum of understanding are illustrations of the continuation of the momentum gained.

However results are not yet up to the level of investments and efforts (see progress against objectives), but should improve when the first phase of ETSIP is implemented.

The EC has now disbursed EURO 2.5 million (in two payments) into the Institutional Strengthening and Capacity Building Facility. This Facility has been able to provide some key inputs to sector development, including policy development, finance and budget planning, strategic monitoring, VET reforms, especially in establishing the Namibia Training Authority with early work being conducted to reform the curricula and qualifications framework. The work of this ISCBF is being aligned with emerging ETSIP priorities.

### **4. Changes in the context and in the key assessment areas**

Up till now, no process had been firmly established to ensure a coherent approach to development co-operation in the education sector. Although not fully completed by the end of the year, 2006 has seen a new process whereby development partners and GRN discussed a cooperation framework based on common and harmonized ways of interactions in order to limit transaction costs and to ensure alignment with the aid effectiveness principles of Paris Declaration, which Namibia adhered to in December 2006. In that regard, a Memorandum of Understanding has been developed, establishing an understanding for the joint and coordinated implementation of ETSIP to achieve Namibia's development objectives as captured in the ETSIP Programme

Document and to spell out the roles, duties and commitments of the participants to this Memorandum of Understanding. Coordinated and harmonized sector development will be strengthened, predictability of the flow of external funding will be promoted towards improved budget execution and financial management and complementarity among Development Partners will be maximized towards greater effectiveness.

The Financing Agreement 9 ACP NAM 02 that was signed in 2003 had to be adapted in order to align its modalities to the new sector strategic framework (ETSIP) and to the new monitoring framework. The EC would now have to release funds on the basis of the outcomes of the implementation support mission and the deliberations of the April education review meeting, as proposed by GRN and the other DPs in the -to be signed- Memorandum of Understanding. The overall assessment of progress in the education sector will consider sector improvements as per the revised performance assessment framework covering all sub-sectors and all main programme policy areas (Access, Quality, Equity, Efficiency, Accountability and HIV/AIDS). The framework will be complemented with more indicators in the course of the programme implementation to better capture some policy areas, such as inequities reduction. This would be possible once the EMIS system further integrates sub-sectors currently lagging behind and more disaggregated data. The next tranches of the EC support to the education sector will be disbursed on the basis of the new review modalities established by the rider to the Financing Agreement.

#### **5. Progress in achieving objectives**

The 2004/2005 Education Management Information System (EMIS) figures show very irregular and limited progress overall. Although Namibia continues to be among the South-Saharan countries spending the highest share of GDP on education expenditure (decreasing from 8% in 05/06 to 7.4% in 06/07), corresponding improvements in learner outcomes are still pending and regional disparities regarding learner performance are also significant. Except for grade 5 and 6 in upper primary and grade 11 in senior secondary, promotion rates have worsened or remained stagnant in 2004. School leaving rates have also increased for all grades except for grade 6 and 11. Repetition rates have improved throughout the general education system together with the survival rates, which could indicate some improvements in qualitative terms, but uncertain because of the automatic promotion system in place. EMIS reports an upwards trend of qualified teachers, passing from 55.6% in 2004 to 61.3% in 2005 for primary education and from 83.5% in 2004 to 86.6% in 2005 for secondary education.

When considering access to education, it appears that more efforts are still required, notably concerted effort needs to wipe out the backlog of classrooms. Net Enrolment Rate (NER) figures do not show signs of improvements: 93.6% in 2005 for primary against 95.7% in 2002 and 49.5% in 2005 for secondary against 52% in 2003.

Access must be extended to marginalized groups and children with disabilities. It is hoped that the policy measures foreseen by GRN, such as conditional grants for OVCs, introduction of per capita financing and conditional grants for schools unable to meet input norms and standards will induce progress in terms of equitable access. Equity remains an area for further improvement, notably to even differences between rural and urban areas. For instance, the proportion of the population over 15 years of age who have no formal education has declined from 30% in 1993/1994 to 17% in 2003/2004 and improvements have occurred in all regions. However important disparities remain with the proportion of those in rural areas with no formal education being 23% (Omaheke: 37%) compared to 7% in urban areas.

#### **6. Financial execution**

The EC has now released 3 tranches of sector budget support (total EURO 11 million); the conditions for release having been met with the presentation of the National Budget, along with reports on progress and performance in the sector. The Budget includes the MTEF and sector ministry expenditure plans (MTPs) which set out the priority objectives and programmes of the ministries. No disbursement could however be made in FY 06-07 since the conditions had not been met.

As for the Capacity building facility, 1 million Euro has been disbursed in FY 03/04, 0.5 million in FY 04/05 and 0.5 million in FY 06-07. The balance of 500,000 euros will be disbursed in FY 07/08 but will be included in the sector budget tranche of 7 Million.

Further to the end of term review, it has been agreed that additional resources will be used to increase the allocation to the sector support programme in education and training in order to bridge the gap between the EFD 9 and the EDF 10 interventions. The Financing Agreement No. 9014/NAM corresponding to this programme therefore has been amended accordingly through an addendum.

The rider introduced in the signature circuit in June 2007 foresees to increase the overall amount of the FA from € 21 000 000 to € 24 000 000, the 3 millions euro increase stemming both from € 1.941.182 allocated further to the End-of-Term Review and € 1,058,818 resulting from decommitments on commitments from the 9th and previous EDF. This allows to have a 5th tranche of sector budget support to be disbursed during FY 08/09.

Further to the sector review, which took place in June 2007, and on the basis of the new monitoring and evaluation arrangements (see changes in the context and in the key assessment area), the 4th tranche of sector budget support should be disbursed by the end of 2007.

#### **7. Issues arising and action required**

Despite improvements with the design and management of EMIS, there is still a two-year gap between the release of the education statistics and the year being monitored (for instance statistics for the year 2005 had still not been released at the end of 2006). It is to be noted that efforts are being undertaken for the current gap to be reduced to one year, hopefully by mid 2007. Moreover, the ministry foresees to start collecting during fiscal year 07/08 baseline data for children enrolled in Early Childhood Centres and for Orphans and vulnerable children enrolled in pre-primary classes. Meanwhile existing problems with timeliness of information undermine the planning and budget process together with the relevance of sector performance measurement. Another constraint of the current EMIS is its limited scope in terms of sub-sector covered (only Primary and Secondary education are comprehensively covered), and of disaggregation of data (so far limited to sex and regions). The sector wide approach promoted through ETSIP requires the availability of data for all sub-sectors concerned. For instance performance indicators related to early childhood and development still lack the requested information. Moreover, equity policies developed by the ministry in the sector call for a more refined disaggregation of data to address disparities issues (rural/urban, income groups, orphans, marginalized communities).

In view of the above, the performance assessment framework developed by the Ministry of Education to monitor progress in program implementation, although further improved, still shows many information gaps. The current constraints limiting the measurement of sector performance have been taken up with the Ministry and should be tabled at the sector review in -June-2007. This is in line with the provision in the draft Memorandum of Understanding that efforts will be continued to strengthen EMIS together with evaluation and impact assessment capacity, in order to produce robust, timely and transparent indicators.

#### **8. Cross-cutting and other issues**

ETSIP includes institutional development modalities through a provision to integrate the Institutional Strengthening and Capacity building Facility (ISCBF) into GRN systems. It is hoped in this way that capacity building can be better institutionalized and that national systems can be strengthened to better plan and manage capacity building initiatives.

The main areas of intervention in the course of 2006 through the ISCBF have been support and capacity building in priority reform fields, establishment of the National Training Authority and Vocational Education and Training support and establishing HIV/AIDS activities in the education sector with specific support to build capacity of HAMU and RACE.

Namibia's human resources are being eroded by HIV/AIDS. As a consequence, the MoE has recognised the centrality of the prevention of HIV/AIDS and has developed a national policy for the education sector that was adopted by Cabinet in May 2003 and embodied in the HIV/AIDS Medium Term Plan II & III. HIV/AIDS is now being mainstreamed throughout the ETSIP. In 2006 the curriculum for general education has been revised in order to mainstream HIV/AIDS, the policy on OVCs has been drafted, curriculum guidelines for adult education have been developed, regulatory frameworks and counselling support groups have been strengthened and negotiations on relief teachers system are underway.

Gender disparity in the education system is not, on the face of it at least, a critical issue. There are generally equal levels of enrolment for boys and girls at all levels of the system (49.1% of girls in primary and 53.1% in secondary in 2005). The higher educational attainment among girls in primary has also led to higher literacy among young girls compared to boys. In 2004, 94.4% of girls aged 15-14 years were literate compared to 91.3% of boys of the same age. And again, if large regional disparities still prevail and some regions register low level of literacy such as Omaheke (78.8%), girls are still better off than boys with respectively 21.2% illiterate against 27% for boys. It is however to be noted that performance of girls in secondary education remains a concern with a 48.4% promotion rate in Grade 10 (2004-2005) for girls against 51.7% for boys and repetition rates in the same grade of 7.9% for girls against 4.8% for boys. The opposite trend is to be found for primary education with boys registering a greater drop out rate in 2005 (eg. 8.2% at the end of the primary cycle against 6.5% for girls).





## Project Summary

Name	HIV/AIDS RESPONSE CAPACITY DEVELOPMENT PROGRAMME (HRCDP)			
Reference	FED/NA/12880			
Sector DAC	13040 - STD control including HIV/AIDS			
State	Ongoing			
Geographical zone	NA - Namibia			
EU contribution	3,200,000.00 EUR			
Last updated	14/05/2007			
Decision date				
Commitment date (BL)				
Starting date				
Expected end date				
Financial convention reference	12880			
Delegation and person in charge	NA - Namibia POMOELL-SEGUOLA Jutta DEL / WDH tel: *80074 e-mail: Jutta.POMOELL-SEGUOLA@ec.europa.eu			
Financial data				
Year	Committed	Contracted	Paid	Remainder to pay
-				

### **1. Description**

The purpose of the three-year, 3.2 M. Namibia HIV/AIDS Response Capacity Development Programme is to support the Ministry of Health and Social Services in putting in place effective management structures and systems, optimal capacity and skills, and high quality HIV/AIDS programme implementation at national, sectoral and regional levels.

The three results areas of the programme are:

1. Effective and efficient institutional structures and processes in place for planning, managing and co-ordinating the response at central level;
2. Systematic mainstreaming of HIV/AIDS, TB into core functions in all sectors;
3. Strengthened HIV/AIDS responses at regional level

The main implementing partner of the programme is the Ministry of Health and Social Services, Directorate for Special Programmes in which the programme is housed. Capacity support is also offered to the Office of the Prime Minister in the area of mainstreaming of HIV/AIDS into the public sector, and the Ministry of Regional and Local Government, Housing and Rural Development for the strengthening of the regional response.

### **2. Origin, context and key assessments**

The project follows closely on a previous EDF 8 supported capacity intervention for HIV/AIDS within the Ministry of Health and Social Services. With the increased influx of donor funding (Global Fund, PEPFAR) to the sector and the need for a scaled-up response to fight HIV/AIDS, a capacity and institution-building programme within the MOHSS has proven essential. The EC project is currently the only central support to the Ministry for its management and coordination role of the multi-sectoral HIV/AIDS response. The project is designed to support the operationalisation of the National Strategic Plan on HIV/AIDS (Medium-Term Plan III 2004-2009) and is deeply embedded within the MOHSS structure.

Although the EC support projects in this domain have been highly relevant and with a high impact, continued EC support to the sector should preferably be offered through a SWAp which could address outstanding issues of joint programming and budgeting processes, M&E and donor and stakeholder coordination more effectively.

### **3. Summary of project implementation**

The 3-year project was launched in December 2004 with the taking up of duty of the two long-term technical assistants from the Royal Tropical Institute, Netherlands (KIT).

Programme implementation is through programme estimates (PEs), the first of which was a five-month start-up programme estimate which ran from January - May 2005. The start-up PE included priority capacity building initiatives that had been identified as urgent under the previous EC support programme to the Ministry of Health and Social Services (MOHSS). The project logframe and indicators were also revisited at project start to make sure they corresponded to the fast evolving sector.

The second programme estimate kicked off implementation of activities under all three results areas of the logframe albeit slowly due to the need for extensive tendering. Main activities included the start-up of the design of an integrated HIV/AIDS data facility for the MOHSS, provision of technical assistance to the HIV/AIDS unit of the Office of the Prime Minister and the Ministry of Regional and Local Government, Housing and Rural Development and delivery of training at the national and regional levels on three modules developed by the programme: basic module, mainstreaming and workplace programmes. The programme also continued to support the MOHSS regional visits where the regions are strengthened in their HIV/AIDS responses and funded key positions within the Directorate for Special Programmes. Furthermore, extensive support was provided to the development of the National Policy on HIV/AIDS, a national HIV/AIDS programmatic and financial gap analysis document as well as an improved HIV/AIDS M&E system.

The third and last programme estimate which runs from December 2006-May 2008 follows the recommendations of the Mid-Term Review of the programme which emphasised a need for consolidation and greater focus on fewer activities. A main activity under PE 3 will be support to the MTR of the National Strategy on HIV/AIDS, the Third Medium Term Plan 2004-2009 which introduced a multi-sectoral approach to the epidemic. The MTR will be crucial in reviewing the institutional framework for the management and coordination of the epidemic which is under much discussion. PE 3 continues assistance to the Office of the Prime Minister and a broad roll-out of training.



#### **4. Changes in the context and in the key assessment areas**

A main challenge under the project has been the need to maintain flexibility to respond to a constantly evolving national response and institutional framework. The project has managed to extend support beyond the MOHSS to other key players in the sector and this has ensured its relevance. Recently, it has become clear that the institutional framework for managing HIV/AIDS needs to be streamlined for efficiency and the project will support work in this regard under the MTR of the National Strategy for HIV/AIDS.

#### **5. Progress in achieving objectives**

It is still too early to determine whether significant progress towards the objectives can be reported. However, the project has supported the drafting of the National HIV/AIDS Policy, as well as developed and delivered a large training programme on HIV/AIDS issues. Capacity support has also been extended to key partners beyond the MOHSS. Against this mainly positive backdrop, it should however be noted that the overall implementation rate has remained relatively low due to the limited market of service providers which requires re-tendering of unsuccessful tenders and the staff constraints in the MOHSS. The latter constraint is partially being addressed through the provision of funding to the MOHSS for the recruitment of key staff to the DSP.

#### **6. Financial execution**

Although the spending rate under programme estimates has been slow (50% under PE 2), overall spending under the programme is forecasted to near the total global commitment as a rider to the service contract will increase TA costs and a training contract with the Polytechnic of Namibia will see a scale-up of HIV/AIDS training across the country.

#### **7. Issues arising and action required**

Staff constraints with the MOHSS has been a major issue hampering effective implementation of the programme. Despite the commitment of the GRN in the FA to staff key positions, the DSP is still lacking in some core staff. The programme has decided to fund 6 key positions in the Directorate with the understanding that GRN will take up the financial burden of these posts upon completion of the project.

A new issue which is increasingly emerging is the need to look at sector coordination, funding, programming and M&E systems to develop a more efficient HIV/AIDS response. To respond to these needs, future EC support should consider a SWAp although under EDF 10, specific support to the sector is not foreseen.

#### **8. Cross-cutting and other issues**

The end beneficiaries of the programme are people living with HIV/AIDS in Namibia who will receive better services thanks to improved management of the national HIV/AIDS response. As the epidemic is hitting women harder, this will affect their position positively.





## Project Summary

Name	NATIONAL AGRICULTURAL SERVICES SUPPORT PROGRAMME			
Reference	FED/NA/11828			
Sector DAC	31191 - Agricultural services			
State	Ongoing			
Geographical zone	NA - Namibia			
EU contribution	6,000,000.00 EUR			
Last updated	31/01/2007			
Decision date				
Commitment date (BL)				
Starting date				
Expected end date				
Financial convention reference	11828			
Delegation and person in charge	NA - Namibia VAN UYTVANCK Marc DEL / WDH tel: *80074 e-mail: Marc.VAN-UYTVANCK@ec.europa.eu			
Financial data				
Year	Committed	Contracted	Paid	Remainder to pay
-				

### **1. Description**

NASSP is contributing to national development by supporting a broad range of interventions which aim, more or less directly, to increase farmer incomes in the communal areas where the majority of the population lives and where the incidence of poverty is highest.

The Programme's overall objective, as described in the 2001 Financing Agreement between the EU and the Namibian Government, is to enhance the income earning opportunities of smallholder farming households, thereby assisting in combating poverty and redressing Namibia's highly skewed distribution of income.

The Programme has five purposes:

1. Institutional support: to ensure enhanced policy and planning and international trade negotiations and marketing within the Directorate of Planning and multi-agency Task Teams.
2. Rural enterprises development and finance: to promote the productive activities of rural intermediaries for the development of cooperatives, and the generation of bankable rural enterprises and capacity building.
3. Livestock development: to increase the off-take of cattle in the northern communal areas for sale to Meatco, to improve the access to veterinary drugs and to increase the livestock producer prices.
4. Crop diversification and indigenous plant resources: to increase income generation from cash crops and the commercialisation of indigenous plant resources.
5. Mahangu (millet) development: to reduce the post-harvest losses and to promote and improve the mahangu processing industry.

### **2. Origin, context and key assessments**

The Programme has been designed to bring to a conclusion several previous agricultural projects supported by the European Union over last 10 years. These mainly focused on essential post-Independence institutional capacity building. At the same time, NASSP is forming a bridge to the future, by implementing new approaches for donors to support agricultural development which have a more direct impact on farmer welfare. Here, the Programme's work in support of farmer organizations as well as multi-agency task teams, which are seen as vital intermediaries between external services and farmers, comes to mind.

As a sector support programme, NASSP aims to respond to the changing priority needs of the sector. Its annual work plans and budgets are prepared in a participatory way with a wide range of sectoral stakeholders. A good example of its flexibility is how the Programme has been able to respond to a critical situation that arose in late 2003, following the recommendations of the EU Veterinary Inspectors, by increasing its support in critical ways to livestock development and specifically animal health related interventions.

### **3. Summary of project implementation**

The Programme achieved effective delivery against its annual targets, despite changes in management and delays in receipt of funds. There was an overall disbursement of about 51% on the operational budget but when the Technical Assistance budget is included the expenditure for the programme, over the entire period, was about 80% of the Project budget provision, excluding the GRN contribution. The highest levels of accomplishment were for Components 4-7 with a notable 90% for Indigenous Plant Resources, Component 6. The largest component in budgetary terms was Livestock Development, Component 4, which had an approved allocation of Namibian dollars (NADs) 21.4 million of which 64% was spent.

Whilst the financial disbursement of the operational budget was well below the anticipated target of 80% it is apparent that many of the objectives were accomplished, at times under extremely tight timing and severe operational constraints, to achieve levels of output proportionately much higher than the financial disbursement totals imply. This was noted during monitoring missions and is reflected in the review of progress and performance

**COMPONENT 1: Institutional support**

The overall delivery for this component was relatively low due mainly to inadequate capacity within the Division of Agricultural Planning (DAP) and the late receipt of funds for half of the 2005-2006 Work Plan. Nevertheless, taken overall there were some lasting achievements notably development of the drought and livestock policies and production of a draft revision of the National Agricultural Policy each following an exemplary process of stakeholder consultation.

In addition valuable support was provided to the lengthy development of the on-going National Strategic Plan Process for the Agriculture, Forestry, Plant and Water sectors, findings from which were incorporated, where appropriate, in the new agricultural policy white paper that was produced by the project's TA.

Other positive achievements included management of a national planning workshop that set the guidelines for further work on policy preparation and policy up-dating; an extensive staff training programme; a start on developing monitoring and evaluation and reporting formats; development of an office filing system and development of the agricultural statistics data base in collaboration with the Office of the Prime Minister.

The interventions aimed at examining and advising on the re-structuring of the MAWF were reported upon in a Short Term (ST) TA consultancy but the work was lowered subsequently in prioritisation and was not completed.

The Long Term (LT) TA input on policy and planning was hampered from the outset by over bureaucratic administration that was reported upon on several occasions and the matter was never resolved, remaining as a key lesson learned for future project design and implementation. On the other hand day-to-day mentoring did occur and that helped augment on the job training and widespread capacity building with the DAP forming an admirable nexus to the other divisions within the MAWF with which the Project and the PMC were regularly involved.

A substantial contribution was made by the Project in assisting the MAWF in many trade negotiations and in negotiating the trade aspect of several multi-lateral agreements.

Much time was committed to a variety of Southern African Customs Union (SACU) negotiations. The Project, particularly the Marketing sub division and associated LT TA, were extensively involved in sector policy development for SACU and in drafting the various trade remedy annexes to the agreement as well as assisting in preparation of the Economic Partnership Agreement between Southern African Development Community (SADC) through funding a key stakeholders workshop and training activity.

A programme to promote emerging commercial farmers (ECFSP) through the transfer of knowledge and skills was implemented by the Project through the National Agricultural Union (NAU) in 2005-2006. This was effectively achieved, resulting in the training of 1834 farmers (representing a commendable 71% of the total current beneficiaries of the Land Reform programme) in 42 events that consisted mainly of short courses and group sessions covering participants in the National Resettlement Programme and the Affirmative Action Loan Scheme.

#### COMPONENT 2: Rural Enterprises Development & Finance (Co-Operatives)

Despite delays in receiving funding, for example approval to incur expenditure for the 2004-2005 work plan was not received until October 2004 and also the set back caused at the time of re-allocation of the entire Rural Finance and Revolving Fund budget, there were commendable achievements against targets. All activities were conducted in close collaboration within the aegis of the MAWF Division of Co-operative Development (DCD) supported by one LT TA for Rural Enterprise Development and Finance.

High among the achievements was broadly-based training and the organisation of 18 local mentorships specifically for co-operative development. This activity emerged as a highly appropriate approach to strengthening co-operative advancement and improving co-operative management throughout the country.

Other achievements included a comprehensive socio economic baseline study and ST TA inputs covering rural micro finance replication; a study on alternative forms of collateral and another to develop prudential rules. The Project under this component also prepared a management framework for Savings and Credit Co-operatives (SACCOs) and Savings and Credit Associations (SCAs).

Considerable contribution was made on facilitating strategic planning processes for selected co-operatives to help them develop and improve their economic activities such as operating viable savings and credit services to new members, understanding awareness raising through use of the media, TV and radio especially, and to introducing methods geared at de-registering co-operatives that are not viable and registering new ones that fulfil the rigorous fiscal and other administrative requirements set by the DCD.

The co-operative mentorship programme reported appreciable, although difficult as yet to quantify, increase in members' basic incomes and resultant improvement in standard of living. More than 50% of the total of 21 mentors trained (not all were contracted) produced effective impact upon the co-operatives with which they worked. Latterly, a successful mentors' association was formed which will sustain their services after the Project has closed.

#### COMPONENT 3: Rural Enterprises Development & Finance (Micro-Finance)

Reduction of the rural micro finance component resulted in a change of focus and therefore inability to achieve the targets set in the original OVs. Most of the residual activities under this component revolved around resuscitating the Savings and Credit Co-operatives (SACCOs) and working with the Namibian National Farmers' Union (NNFU) towards having a better understanding, through the Savings and Credit Associations (SCAs), for meeting prudential requirements needed in mobilising savings and issuing credit.

A successful national consultative forum for micro finance was organised that was attended by more than 50 co-operative members and micro finance stakeholders. Major broadly-based consultation was achieved and decisions were taken on the direction which national micro finance development in rural areas might take.

In addition the Project supported the Rural Micro Finance Task Team which commissioned the ST TA study to determine feasibility of replicating rural micro finance interventions which have been running on a pilot basis in Ohangwena by GTZ/FIDES and those supported by RISE/NNFU in Omusati, Oshikoto and Oshana regions.

#### COMPONENT 4: Livestock Development: Production & Marketing

There were eight main activities in the livestock component (1-8) that are reported upon together with Oshikoto Livestock Development Project (OLDP) which was a separate sub-result contracted out to DRFN within the component. The component was viewed as an outstandingly important element in the NASSP programme since improvement in livestock production methods and introduction of better handling, more veterinary care, better transportation and marketing were accepted by the MAWF as crucial to attaining the overall project objective of "enhancing livelihoods for smallholder households in Namibia".

To this end the Project made large investments in veterinary training and research; procurement of office, laboratory and field equipment; construction of infrastructure such as an auction kraal, 40 crush pens, improvement to quarantine facilities; an animal traceability study; contributions to the livestock improvement bull scheme and primary assistance for procurement of livestock for underprivileged smallholders.

The Oshikoto Livestock Development Project, or OLDP as it was known, was a sub contract for the Oshikoto Region, implemented as a pilot study to test new approaches for empowering the poor and new strategies for community development. This contract constituted about 22% of the entire Annual Work Plan (AWP) budget for two years, 2004-2006, and constituted 14% of the total NASSP operational budget.

Amongst other achievements the Project conducted successful surveys to collect baseline data on national veterinary facilities; on the veterinary surveillance system; on standards for the karakul industry and livestock transportation. It encouraged co-ordination between the DVS, Directorate of Extension & Engineering Services (DEES) and Directorate of Agricultural Research and Training (DART) funded ST TA consultancies on abattoirs, a Communal Farmer's Manual; on animal transportation and standards for the Karakul industry and on a Strategy on an Implementation Plan for an efficient, effective and sustainable community-based animal health delivery system; a Community Animal Health Assistant's (CAHA) Training Manual and a thoroughly practical Local Level Monitoring System for small-scale livestock owners.

Training of livestock farmers was carried out through an extensive programme of events and through the highly effective OLDP

mentorship programme supported within the OLDP that provided grass-roots guidance and training covering all aspects of the livestock production and marketing chain.

Key achievements included:

1. Implementation of the Namibian Livestock Identification and Traceability System (NamLITS).

Supply installation and maintenance of equipment required for the NamLITS was carried out this included procurement of 33 PCs, USPs, laser printers and accessories. Designing and Installation of the NamLITS software; importation of ear tags and applicators to facilitate tagging of all imported stock in the country.

2. NamLITS Information Workshops.

Six workshops were held at Gobabis, Windhoek, Tsumeb, Otjiwarango, Mariental and Keetmanshoop in which there were 127 participants, mainly state veterinarians, technicians, extension officers, hygiene inspectors and assistants and Meat Board staff members and clerical staff.

3. Southern Namibian Animal Disease Information System

Training equipment was financed for the Southern Namibian Animal Disease Information System in each DVS regional office (except Grootfontein) south of the veterinary cordon fence. Three consultative meetings of state veterinarians and chief animal health technicians were held. In addition two veterinarians attended an epidemiology conference in South Africa.

4. Training and upgrading of Animal Health Inspector (AHI) and Stock Inspector Assistant (SIA) to diploma level and one veterinarian for post-graduate study.

5. Livestock Development and marketing

The boundary fences of Okongo quarantine farm in the Ohangwena region and Kopano Quarantine Farm in the Caprivi region were upgraded; making a significant contribution to the pre-sale handling of animals that constitutes a major requirement for livestock marketing in the Northern Communal Areas (NCAs).

6. Procurement of Equipment

The Project funded laboratory equipment, office equipment and field equipment for veterinarians, Animal Health Technicians (AHTs) and CAHAs.

7. Publications, manuals, posters and baseline data studies for livestock production, veterinary infrastructure and Community Based (CB) veterinary medicine were commissioned and successfully completed.

8. The Oshikoto Livestock Development Project (OLDP)

The OLDP part of the Project was implemented in Component 4 as a service contract with the Desert Research Foundation of Namibia (DRFN) according to the Work Plans for 2004-2005 and 2005-2006. A study on the positive impact, sustainability and replicability of the OLDP was commissioned and reported upon. This found that the contract was well implemented and that the methods used should be replicated in other regions.

The project was carried out only in the Oshikoto region north of the Veterinary Cordon Fence (VCF). This is a pivotal area in the NCAs and the success of the OLDP study was therefore of crucial importance to the positive impact of NASSP in its main focal area. The contract started on 1 July 2004 and ran until 30 September 2006.

COMPONENT 5: Crop Diversification

This component remained under the purview of a LT TA Technical Adviser, Economic: International Trade Negotiations and Marketing, who worked with the Project from inception until November 2005.

The original focus of the NASSP Crop Diversification Programme was on supporting the emergence of small-holder cotton production in Namibia. The National Cotton Development Plan called for a national effort to develop this sector to a level where commercially viable cotton ginning can start. This plan was first implemented in 2001 but suffered from several bad rainy seasons. The Project initiated an evaluation of the programme which resulted in a re-direction of support to smallholder cotton towards communal areas with better soils and higher rainfall.

Despite this early set back the crop diversification programme was deemed by the Project and MAWF to be the one that has the greatest potential for the dual goals of economic expansion for the directly benefit of the poor whilst at the same time meeting conservation objectives.

In particular the Project established that there was abundant scope for crop diversification through development of indigenous plant resources and novel products.

Significant success was achieved through developing a channel for bringing novel indigenous plant products with commercially interesting properties to high value markets. This approach centred on the Indigenous Plants Task Team and its ability to coordinate diverse stakeholders.

The Project also supported development of sustainable harvesting of wild resources while encouraging research into cultivation especially within conservancies and communal areas where sustainable harvesting and production of Devil's Claw, Hoodia and indigenous succulents were fostered. Important sub-sectors that were identified included lipid oils, root extracts, medicinal plants; indigenous aromatics, indigenous aromatic and industrial gums, indigenous green leafy vegetables, fruit flavours and fruit extracts for cosmetics.

At a policy level, projects to enhance agricultural productivity, such as use of draft animal power, and initiatives to develop value added agricultural production were supported with expert advice and this work included drafting of the first National Seed Policy.

Support also was provided to development of the Green Scheme, an innovative irrigation initiative that harnesses commercial farming expertise to the enterprise of the emerging production sector. In addition initiatives to develop value added agricultural production in Namibia were supported with expert advice.

#### COMPONENT 6: Indigenous Plant Resources

It is now recognised and reported upon by the Project TA that indigenous plants represent one of the few areas of potential comparative advantage in Namibia's agricultural sector. Towards this end the Project provided support of the Indigenous Plants' Task Team (IPTT) and the pipe-line approach to developing new markets that enables selected plants with good potential for market development to reach successful commercialisation. Products already marketed internationally include: Kalahari melon seed oil and Marula oil. and the IPTT was assisted developing markets for other indigenous plants producing organic Baobab oil, Manketti oil, and Ximonia oil, Mopane oil, Terminalia root bark extract and Commiphora resin.

Economic production of indigenous plant species was supported extensively by the Project concentrating on the Hoodia spp and Harpagophytum spp. Five succulent nurseries were constructed working with community groups, conservancies and resettlement farmers.

Technical assistance was also provided to bring together Namibian farmers with Unilever, the second largest food producing company in the world, for the production of Hoodia and in addition the Project's indigenous plants programme sponsored an Indigenous Plants Internship Programme (IPIP), offered as part of the Bachelor of Science programme in the Polytechnic of Namibia. This was run for the first time in 2004/05.

#### COMPONENT 7: Grain Management

The Project made appreciable contributions towards helping with the efforts that are being made in the agricultural sector for developing a viable domestic market for Mahangu or pearl millet which is Namibia's staple crop. The LT TA helped develop a so-called demand pull strategy that focuses on promoting value addition processing and encouraging consumption. The TA also helped the sector with market research, strategic planning and helped gain Cabinet approval for establishing Mahangu as a statutory crop thereby fostering greater price stability.

Various trade and policy issues related to production and importation of maize and wheat were also supported.

The other areas in which the Project intervened were in research and training for reduction of post-harvest losses in the grain



sector since this improvement in itself can make a major contribution for attaining food autarky.

This successful work included research on-farm storage losses, recommendations for improved storage and how to improve threshing practices. To facilitate these initiatives a Post Harvest Team was formed within the MAWF consisting of both agronomic researchers and extension practitioners. Technical support was provided to the Ministry's efforts to develop strategic, community and on-farm strategies. The aim was to encourage communal farmers to store grains more judiciously and thus make better use of marketing their products, thereby attaining better post-harvest benefits for smallholder households.

Among the numerous achievements in this sub sector the Project facilitated the induction training of the PHT and the preparation of a Namibian specific post harvest training manual.

Technical training was also provided in grain loss assessment methods using the visual scale approach. A national survey of storage practices was launched combined with participatory research into the link between storage practices and poverty.

The Project supported collective pearl millet marketing in North Central Namibia through mentorship and the provision of pre-cleaning equipment to help smallholder farmers to help them produce surpluses for the market cost-effectively and to meet new buying standards.

This work followed innovative research funded by the Project to develop the first mechanical cleaners and winnowers for pearl millet in Namibia and also analyses of Mahangu grain and flour standards were carried out.

#### COMPONENT 8: Project Administration

The Project office was established in excellent accommodation within the Planning Division of the MAWF. It had a team of four Long Term TA, who worked in close collaboration with counterparts from the MAWRD that was changed to the Ministry of Agriculture, Water and Forestry from on 01 April 2005. A total of 4 Long Term TA contracts and 56 Short Term contracts on international, regional and local terms as well as a total of 38 local Service Contracts were administered and managed by the Project Team Leader and Project Manager. They were implemented in effect as a form of outsourcing, involving stakeholders and direct beneficiaries to a greater or lesser extent in all 13 regions of the country.

Apart from day to day general project management and handling over 100 contracts the Project administration and management was responsible for:

- Preparation of the annual work plans and programme estimates.
- Continuous monitoring of the project activities on the basis of the annual work plan with its OVI's and assumptions.
- Co-ordination with counterparts of Project Management Committee meetings that were chaired by the Director of Planning.
- Preparation of quarterly and annual progress reports.
- Management the financial activities and audits.
- Provision of support to the ST TA, for 2 EC monitoring missions, the Mid-Term Review and a visit from the EC Court of Auditors.

The duration of the programme was extended from 01 March 2005 in Rider No 1 until 31 December 2006 but the service contracts of the two of the LT TA ended in November 2005 and January 2006, respectively. This caused some loss of momentum and undue strain upon delivery of the activities relating to the rural enterprises development, crop diversification and grain management components. With hindsight it is clear that the contracts of the entire TA team should have been extended until the end of the project.

Implementation of the programme was also hampered by high personnel turnover and sometimes low or insufficient skills of some of the counterpart staff.

Awareness-raising and publicity brochures, posters, stickers and pamphlets were widely distributed to support NASSP interventions and the sectors to which they related. Monthly and quarterly monitoring meetings were held informally and a Project Management Committee (PMC), Chaired by the Director of Planning, met regularly. Project Steering Committee meetings were held mainly to coincide with review and approval of Annual Work Plans and programme Estimates.

Quarterly and Annual Reports were prepared and presented in a timely manner and Quarterly and Replenishment Audits were likewise carried out and approved.

A major achievement of the administration component was management and systematic handling of the technical reports that were contracted, supervised and reviewed. These are listed in Annex 2. This array of 106 reports produced by NASSP TA provides an impressive indicator of the far reaching and lasting impact of the Programme within the Agricultural Sector. Among the TA assignments that were contracted to ensure sustainability was a consultancy to up-date and provide training in the MAWF for the central filing registry and data centre that will eventually incorporate the library of NASSP reports. These were handed over in hard copy and digital form as part of the technology transfer requirement at the time of Project closure.

During the whole period NASSP operations were properly managed and co-ordinated as stated in the EC Monitoring Mission Report of November 2005 in which the administration was rated as "Good" (B), with a final disbursement figure, including technical assistance of about 80% of available programme budget.

#### 4. Changes in the context and in the key assessment areas

During the implementation of the NASSP, conditions changed :

1. Establishment of Rural Micro-finance unit in the DCD of the MAWF

The unit was never established in the ministry and therefore funds were redirected from micro-finance to the livestock component

2. Support to cotton production in communal areas

The NASSP conducted an evaluation of the cotton sector and established that cotton production was not viable for communal farmers. The funds were reallocated to the livestock component

3. Strengthening the veterinary services

This followed a report on the export of meat to the EU and the changes necessary to comply with certain veterinary regulations. By so doing NASSP provided an opportunity for the Directorate of Veterinary Services (DVS) to prepare an action plan to be supported by the Project entailing replacement of the cost of some infrastructure by the funding of a much-needed National Livestock Traceability System.

#### 5. Progress in achieving objectives

See summary of project implementation under No.3

#### 6. Financial execution

The total approved budget for the Project in Euro (€) for each cost category after adjustments made in the Addendum was as follows:

Cost Category		
1. Training		2,239,000
2. Technical assistance	1,712,000	
3. Materials, equipment, infrastructure	1,001,000	
4. Finance		452,000
5. Revolving funds		11,845
6. Studies, surveys, trails	497,500	
7. Physical/financial contingencies		86,655
Sub total (€)		6,000,000
GRN contribution	1,100,000	
TOTAL BUDGET		7,100,000

#### Expenditure per component

Nr. Component	Budget committed	Budget spent	% budget spent
1 INSTITUTIONAL SUPPORT	6,025,323	1,589,584	26

2 CO-OPERATIVES	5,447,235	2,413,910	44
3 MICRO-FINANCE	2,156,000	460,236	21
4 LIVESTOCK DEVELOPMENT	21,475,799	13,844,734	64
5 CROP DIVERSIFICATION	1,896,840	707,475	37
6 INDIGENOUS PLANT RESOUR.	2,976,150	2,663,922	90
7 GRAIN MANAGEMENT	2,598,000	733,046	28
8 PROJECT ADMINISTRATION	3,415,000	1,264,688	37
TOTALNAD	45,990,347	23,677,596	51

**7. Issues arising and action required**

Closure programme in CRIS





## Project Summary

Name	UPGRADING NAMIBIAN MARITIME & FISHERIES INSTITUTE AT WALVIS BAY			
Reference	FED/NA/11834			
Sector DAC	31382 - Fishery research			
State	Ongoing			
Geographical zone	NA - Namibia			
EU contribution	1,900,000.00 EUR			
Last updated	16/08/2006			
Decision date				
Commitment date (BL)				
Starting date				
Expected end date				
Financial convention reference	11834			
Delegation and person in charge	NA - Namibia MALAN Fram DEL / WDH tel: *80074 e-mail: Fram.MALAN@ec.europa.eu			
Financial data				
Year	Committed	Contracted	Paid	Remainder to pay
-				

## 2. Origin, context and key assessments

test



## Project Summary

Name	RURAL TOWN SEWERAGE SCHEME - KARASBURG			
Reference	FED/NA/12268			
Sector DAC	14020 - Water supply and sanitation - large systems			
State	Ongoing			
Geographical zone	NA - Namibia			
EU contribution	1,860,000.00 EUR			
Last updated	25/01/2007			
Decision date				
Commitment date (BL)				
Starting date				
Expected end date				
Financial convention reference	12268			
Delegation and person in charge	NA - Namibia MALAN Fram DEL / WDH tel: *80074 e-mail: Fram.MALAN@ec.europa.eu			
Financial data				
Year	Committed	Contracted	Paid	Remainder to pay
-				

### **1. Description**

Westerkim, the suburb of the rural town of Karasburg, is to 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.

As with the suburbs of the other three rural towns, the sanitary situation and consequently health patterns should improve tremendously. The project will have a particular positive impact on the environment, as sewage 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.

### **5. Progress in achieving objectives**

The Contractor, HRTS, completed construction of the water-borne sewer reticulation system, connecting up to ablution blocks at 450 houses, in November 2004. Approximately 20 km of outfall pipelines and 360 manholes were constructed, and the sewage gravitates to 4 waste water treatment ponds (approx. 2 km from the town) also constructed under this contract.

The 450 ablution blocks including toilets, showers and hand washbasins were constructed adjacent to existing houses. The direct beneficiaries are contributing to the scheme by providing finishings and painting. The old bucket toilets have also been demolished.

A final inspection was made in November 2005 at the end of the maintenance period and the system found to be operating successfully. A high pressure pump, provided at the lower end of the treatment plant, will pump purified effluent back to the town to be used for watering of sports fields at a later stage.

An NGO was appointed and assisted the inhabitants in the 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.

Although all inhabitants are connected to the system, many are still struggling to pay for services and the Municipality should again look into levies to be applied.

An evaluation of the project is to be done early 2006.





## Project Summary

Name	RURAL TOWN SEWERAGE SCHEME - LUDERITZ			
Reference	FED/NA/12712			
Sector DAC	14020 - Water supply and sanitation - large systems			
State	Ongoing			
Geographical zone	NA - Namibia			
EU contribution	4,200,000.00 EUR			
Last updated	20/07/2007			
Decision date				
Commitment date (BL)				
Starting date				
Expected end date				
Financial convention reference	12712			
Delegation and person in charge	NA - Namibia MALAN Fram DEL / WDH tel: *80074 e-mail: Fram.MALAN@ec.europa.eu			
Financial data				
Year	Committed	Contracted	Paid	Remainder to pay
-				

### **1. Description**

This project is a combined effort between the Luderitz Town Council (LTC), the Ministry (MRLG&H) 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 reticulation.

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. 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.

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.

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

### **2. Origin, context and key assessments**

test

### **3. Summary of project implementation**

The project includes for the construction of roads, services and sewer reticulation in 4 residential sites in one contract, the construction of a new effluent treatment plant in another and awareness raising and capacity building in a 3rd contract.

The contract for the construction of roads and services (funded by the LTC) and sewer reticulation (funded by the EC) in 4 residential areas was awarded in February 2005 for an amount of N\$ 12,6 million and all work completed in July 2006. The LTC (with assistance from the MRLGH&RD) are now arranging the construction of houses for the relocated inhabitants, through the National Housing Enterprise, Fishing Companies and other private organisations. Model houses have been built to ascertain costs and feasibility. The direct beneficiaries will contribute by obtaining loans to purchase their own houses and generally uplift their own standard of living.

The construction of the Effluent Treatment Plant commenced in June 2006 and by end of 2006 was 40% complete. As at July 2007 the civil part of the four components - reactor, WAS/RAS pump sumps, clarifiers and contact chamber - is complete. The mechanical equipment is now being provided. 2 pump stations and pipeline to the new treatment plant have still to be upgraded.

An overseas Municipality, Halle, commenced in June 2005 with capacity building. Training in management skills, operating and maintaining of water and sewer reticulation, and in finance management was given in 2006. More detailed assistance is now being given in operating and maintaining the new plant.

Awareness raising in the use of the new system and payment is now also complete.

A Rider to the Financing agreement was signed to make an additional 700 000 € available.

Addenda to the works contract and supervision and capacity building contracts have now also been signed in order to complete the effluent treatment plant to the original scope of work.

### **5. Progress in achieving objectives**

The project includes for 1) the construction of Roads, Services and Sewer Reticulation in 4 residential sites in one contract, and 2) the construction of a new Sewer Treatment Plant and Water Reclamation Plant in another contract.

The contract for the construction of roads, services and sewer reticulation in 4 residential areas was awarded in November 2004 for an amount of N\$ 12,6 million. The Town Council is funding the gravel roads and services.

Activities funded by the EC consist of the construction of sewer reticulation systems in 4 new residential areas, including 780 house connections, 11 km of outfall pipelines and 310 manholes. Furthermore 2 pump stations and pipelines to the new treatment plant will be upgraded to absorb the additional sewage capacity. Construction started in March 2005 and 50% of the work has been completed.

Due to complaints from the local inhabitants, electrification of the 4 residential and a temporary relocation area will now be done simultaneously. Funding will be provided by the MRLG&H.

On completion the MRLG&H will arrange for the housing for the relocated inhabitants through National Housing Enterprises, the LTC, Fishing Companies and other private organisations. The direct beneficiaries will contribute by obtaining loans to purchase their houses and generally uplift their own standard of living.

The design and tender documentation for the upgrading of the existing Treatment Plant and the construction of a new Water Reclamation Plant was completed in September and the tender advertised. 4 tenders were received but all were above the budgeted amount. Award of the contract, after negotiations with the lowest tenderer on a reduced scope of works, can only be expected in early 2006.

Also included in the project is an awareness raising and capacity building component. An overseas Municipality that already has an agreement with the LTC commenced with their assistance in mid 2005. 2 LTC staff received training in Halle, Germany for a period of 2 weeks

