

Namibia - European Community

Joint Annual Report

2004

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National Planning
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**European
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1 EXECUTIVE SUMMARY

2004 has to be considered as a decisive year for Namibia in political terms, because it marks the step into a new Executive by respecting transparent and good governance principals. Presidential and parliamentary elections were organised in a peaceful way. Although some smaller irregularities occurred, there are no doubts about the legitimacy of the new President, H. Pohamba and the overwhelming majority of SWAPO in the National Parliament.

Namibia remains an active member of SADC and SACU. This was highlighted by the launch of the negotiations for the Economic Partnership Agreements (EPA) in Windhoek in July 2004, with the presence of the Commissioners Nielson and Hübner. Namibia's commitment to African affairs is clearly marked by the fact of having sent nearly one thousand peace keeping soldiers to Liberia and also observers to the Sudan under the umbrella of the African Union.

On economic terms, the budget of 2004 showed efforts of a robust financial management. But financing the budget gets more and more difficult, since revenues have reduced in 2004, with an unpromising outlook for 2005. Due to the strong local currency, export oriented sectors like fisheries and diamonds have seen major reductions in their incomes, generating a revenue slump for Government. Partly due to the strong local currency and the still very high interest rate, inflation decreased to a reasonable level, down from 2002/03. Influenced by the strong currency driving high prices once converted into € or USD, the tourist industry faced a major setback. Unofficial information indicates a reduction of tourist arrivals or over nights in Namibia of up to 30 to 40%. Since the tourist sector is also very important as employer, such a decrease gives rise to concern and it is hoped that the private hotels and lodges will react in an adequate manner, in order to reverse the negative trend.

The unemployment rate remains an unofficial piece of statistics, but it is recognised that especially that of the youth is very high. Initiatives to fight unemployment are still facing funding and capacity constraints. Income distribution is still very uneven in Namibia; the GINI -coefficient is still very high. In spite of some progress made allowing previously disadvantaged Namibians economic situation to improve, inequalities remain important.

The negative effects of HIV/AIDS start to be noticed in the private as well as Governmental Sectors. Although the prevalence rate has dropped according to the latest data published by the Government to 19.8 % (but with significant higher rates in some regions), it is still among the highest in the world. It is hoped that with the influx of funds from the Global Fund and other donors (USA), effective measures will be taken in order to fight the pandemic. Nevertheless, additional efforts seem to be necessary in order to be sure that the available financial resources will be absorbed in an efficient way, thus reducing the economic and social imbalances created already by the epidemic.

Bilateral relations received a boost with the visit of Commissioners Nielson and Hübner in July 2004. The mission reinforced the already very good ties among the two partners. The main issues raised during the mission – besides launching of the EPA negotiations - were Land Reform, Public Finance Management and Non State Actors (NSA) Support. On Land Reform Commissioner Nielson reiterated the Commission's position of openness to assist the Government in all its aspects, meaning that also land acquisition could be supported under the clear understanding that the policy would be fixed in a transparent manner by Government. A sector wide or sector budgetary support approach seems to be the most appropriate for such an undertaking. Commissioner Nielson indicated the importance of cooperation with NSA emphasised by the Cotonou Partnership Agreement and re-launched the idea of a specific programme under the Namibian NIP.

The Mid Term Review exercise was concluded in 2004, resulting in the shift of resources from the B-envelope (reserved for unforeseen needs such as emergency assistance) to A-envelope (programmable funds) and an overall increase of funds of € 3 million. With the financing decision of the Rural Poverty Reduction Programme (RPRP) before the end of 2004, the large majority of the resources under the 9th EDF are now committed.

2.1 Update on the political situation

2.1.1 Elections

After former Foreign Affairs Minister Hidipo Hamutenya, Hifikepunye Pohamba, Minister of Lands, Resettlement and Rehabilitation announced in January that he would stand for president on behalf of the governing South West Africa People's Organisation (SWAPO), confirming that President Nujoma will leave when his third five-year term ends in March 2005, although remaining party leader until 2007. In its April meeting the central committee of SWAPO approved 3 Ministers as presidential candidates: the SWAPO vice-president Pohamba, the Foreign Minister Hamutenya and the Minister for Higher Education, Nahas Angula.

After the April congress, the contest to choose the next leader of the governing SWAPO at the extraordinary party congress on 28-29 May became quite bitter. Analyst agreed that all the candidates are likely to continue the broad thrust of economic policies, seeking to attract foreign investment together with black economic empowerment.

The congress of SWAPO chose Vice-President Hifikepunye Pohamba, as its presidential candidate at the 28-29 May congress. Foreign Minister Hidipo Hamutenya was sacked four days before the congress by President Nujoma. H. Pohamba emerged as the winner with 349 votes against 167 for H. Hamutenya. Business people, in particular, regard Pohamba as a cautious pragmatic with unequalled experience in government.

At SWAPO's October electoral convention, H. Hamutenya and some other Ministers, including Trade and Industry Minister Jesaya Nyamu and Agriculture Minister Helmut Angula, were placed too low down the party list to be sure of re-election as Member of Parliament.

At the 15-16 November elections, Hifikepunye Pohamba was elected with 76 % of the votes. In the simultaneous election for the National Assembly, SWAPO retained its two-third majority with 55 of the 72 seats (the President appoints six non-voting members). The seven opposition parties which contested the elections won an unchanged 17 seats, outside SWAPO's north-central Oshivambo-speaking heartland. The opposition claims that the electoral register was flawed. The incompetence of the Electoral Commission of Namibia (ECN) has cast a negative shadow on the electoral process: the cast of votes, normally completed in two days, was this time five days late. The initial ECN's figures had shown turnouts of over 100 per cent in some areas and about 100 ballot papers were discovered in a dry river-bed, all apparently valid and marked with opposition votes. The High Court ordered verification, which confirmed the outcome of the first counting. The EU considered the election free and fair.

2.1.2 Land reform

2.1.3 Achievements and developments in land reform

At independence about 52 percent of the agricultural useable land belonged to white commercial farmers. 15 years later this figure has been reduced to 42 percent and the agricultural farming area being in the hands of black Namibians has increased from 46 to 53 percent (see table below).

Type	Total area (hectares)	% of total area
Communal Land	31.2 Mio	45.5 %
Black ownership in freehold areas	5.3 Mio	7.8 %
White ownership in freehold areas	28.7 Mio	41.8 %
State	1.3 Mio	1.7 %
Organisations (churches, etc)	0.3 Mio	0.4 %
Unknown (incl. town lands)	1.9 Mio	2.8 %
Total	68.7 Mio	100 %

Source: MAWF data base and NAU survey - 2005

The two main programs contributing to land redistribution in Namibia are the National Resettlement Program (NRP) and the Affirmative Action Loan Scheme (AALS). The table below gives an indication of the changes made in the commercial farming sector with respect to the transfer of land since independence. Besides these two schemes a number of commercial farms have been bought privately by black Namibians out of other means such as commercial banks and own finances, these transactions are not reflected in the table below. Within the NRP Government paid an approximate amount of N\$ 121 Mio. The AALS received a Government subsidy of about N\$ 120 Mio.

	Hectares	Nr. of beneficiaries	Nr of Farms
AALS	3 577 203	646	741
NRP	894 447	1529	142
Total	4 471 650	2175	883

Source: Agribank and MLR statistics - 2005

Government is considering the progress achieved through these two main land reform programs as far too slow and has therefore started with the expropriation of farms. About 15 farms have been selected and notifications have been sent out to the white farm owners in May 2004. By July 2005, one of these farms has been bought by the Government at a generally considered fair compensation price.

The AALS which was stopped early 2004, because of internal management problems as well as lacking sustainability of loans, it is planned to resumed again 2005 but under different conditions. This measure is expected to reduce the farm prices to a more realistic level but also to reduce the number of farms being offered.

Government actions in land reform are not focussing only on the commercial farming area but also on communal land. The main two components in communal areas are the identification and use of unutilised land and the implementation of land rights and land tenure systems.

Mid 2004 Government had assigned a Permanent Technical Team (PTT) to review the land reform process so far and to work out a comprehensive action plan. The PTT report was finalised in November 2004 and is since then awaiting approval by the cabinet. In addition to the PTT report, the Prime Ministers office drafted a 5 Year Strategic Plan for the Ministry of Lands and Resettlement in early 2005 which is also still an internal document and not yet approved. Until one of these documents is approved the Ministry of Lands and Resettlement continues to implement land reform measures without a strategy or action plan.

2.1.4 Government Position on land acquisition

The government has so far not stated an official position or targets with regard to land acquisition and redistribution of farm land. From several discussions and public statements, it can be assumed that Government will do its utmost in order to avoid a situation like in Zimbabwe. It is, however, regarding

the "willing seller - willing buyer" as having failed to deliver the expected results. The 2004 SWAPO election manifesto stipulates that 192 foreign-owned farms are to be expropriated over the next five years.

The Ministry indicated that the number of Namibians that are in need of land and need to be resettled is around 240 000. According to informal information, the PTT report as well as the 5-Year Strategic Plan propose the redistribution of 10 Million hectares commercial farm land during the next 10 to 15 years. This would result in about 1 Million hectares agricultural land to be transferred annually.

At present the government has funds available to acquire land. The budget allocation for land reform is expected to be 50 Mio N\$ annually plus the receipts from land tax. The money from the Fund has not been used for the last few years and Government claims that no suitable farms were on the market. However, the Ministry did so far not publish any criteria for the selection and acquisition of agricultural land to be used for resettlement purposes.

2.1.5 Conclusion of joint DEV/AIDCO Mission

The main objective of the mission (March 2005) was to review progress in the design and implementation of the Namibian Land Reform Process and to assist in the refinement of EC Support to land reform initiatives in the framework of the € 53 million Rural Poverty Reduction Programme (RPRP).

The Joint DEV/AIDCO mission in March 2005 reiterated that:

- The EC is willing to support the land reform process in Namibia provided that it is part of a transparent, law-respecting and cost-effective strategy to eliminate poverty.
- Discussions should be started with the NAO to reorient the budget of the RPRP towards more support to the land reform. Discussions could also be initiated with the NAO to explore the opportunity of providing further resources under the 10th EDF.
- The Commission has not ruled out any option of support to that process, including that of providing financing to the Government for acquisition of land, reinforcing statements made several times in 2004 and 2005. This is in line with the EC policy according to which donors can make a major contribution in land policy reform processes, by facilitating public debate and offer to fund the costly parts of preparing and implementing land policy reforms, including in particular the purchase of land for redistribution. The "EU Land Policy Guidelines" of November 2004 were formulated by the Commission in close collaboration with MS and were warmly received and approved by the European Council in December 2004.

2.1.6 Position of member states

The position of the member states towards land reform in Namibia and the appropriate measures that should be taken did not change significantly. All see the needs for a land reform process. Land acquisition, however, is regarded as a very sensitive issue and donor support towards it is still seen critically by some of them.

2.2 Human rights, rule of law, good governance and fight against corruption

On a legal basis, Namibia has signed most international conventions and other regional human rights Acts. But the issues of discrimination and minorities, in particular Namibia's diverse indigenous and ethnic peoples are still of crucial relevance. There are a number of groups, such as the San and Himba people, who have been historically marginalised. It is difficult for them to partake in the political and social Namibian life and seize the socio-economic and political opportunities due to geographic and cultural barriers and lack of education. With reference to Freedom of Expression, as a result of *The Namibian's* criticism, government has since 2002 prohibited all its departments from purchasing or advertising in *The Namibian*. The continued slow court case of the CAPRIVI High Treason Trial remains a matter of concern.

As for rule of law and governance, the corruption perception index of Transparency International has fallen to 4.1 in 2004 compared to 4.7 in 2003¹. It rates Namibia at 54 out of 154 countries in 2004 down from 42 out of 133 countries in 2003². The *Guide to Namibian Politics* published by IPPR (Institute for Public Policy Research) and Namibia Institute for Democracy report that “many political parties refer to the problem of corruption”, and state the problem of underpaid police officers, who are as a result driven to corruptive activities. Prisons continue to remain overcrowded and of poor maintenance, however unlike in previous years, there are no serious reports of police abuse and torture.

The Anti-Corruption act was passed in 2003, but was not yet operational early-2005³. The Office of the Ombudsman is without the implementation of the act, the only official institution receiving information on corruption cases. The ombudsman can only recommend actions and is, according to the UN 2004 report, lacking resources and a legislative mandate to be effective.

2.3 Update on the economic situation

Namibia suffers a severe disparity in allocation of resources between the rich and poor. UNDP HDI inequality measures position Namibia at 126 out of 177 countries in 2004, down from 124 in 2001⁴. With a Gini-coefficient of 70.7 and the disparity between the rich and poor at 128.8 %⁵ makes Namibia one of the less egalitarian country in the World. This discrepancy in ranking between income and human development is embedded in and a reflection of the country’s past. The richest 5% of Namibians control more than 70% of GDP while the poorest 55% control only 3% of GDP.

The concern of minorities and indigenous people such as the Himba and San is still critical. These minorities continue to remain marginalised from the socio-economic and political life as a result of lack of economic opportunities and a consequence of cultural and geographic barriers.

According to the WFP, Namibia suffers from perennial food deficits due to lack of agricultural land and erratic weather. The food shortages have been exacerbated by widespread poverty and unemployment and by the impact of HIV/AIDS. WFP provided mainly assistance to the, mainly Angolan, refugee population who have started being repatriated in 2003 through an EC funded UNHCR programme. Food distribution is often hampered by the lack of government transport. GRN had in several occasions to provide assistance to all those affected by drought but due to the scale of the 2004 food crisis, WFP and UNICEF launched a joint emergency operation in March 2004 to assist over 600,000 people. In addition, these UN organisations are providing food aid, mainly in the northern regions, to 111,000 orphans and vulnerable children.

According to GRN’s Early Warning Unit, after the need for emergency food interventions in mid-2004, following the floods in the eastern Caprivi, the 2004/05 prospects are not better, this time due to the prevailing dry weather conditions. The 2004/05 season is characterised by belated and generally insufficient rains. Moreover, anticipated floods from the Zambezi River, due to predicted heavy rains in Zambia and Angola could spell added crop losses.

2.3.1 Macro-economic and structural reform process

2.3.1.1 GDP

The Namibian economy has registered a moderate growth rate over the last few years. On average, GDP grew by 3.1 % between 2000 and 2002. The growth rate in 2004 (estimated at 3.5 %) was slightly above the rate of 3.1 % projected in the Medium Term Expenditure Framework 2003/04 – 2005/06, and

¹ where 10 is “highly clean” and 0 is “highly corrupt”

² 1 = least corrupt, 146 = most corrupt. The surveys reflect the perceptions of business people, academics and country analysts.

³ The Anti-Corruption Commission is in place since April 2005.

⁴ 1=most developed, 177= least developed. The Human Development Index (HDI) measures a country’s achievements in three aspects of human development: longevity, knowledge and a decent standard of living. Longevity is measured by life expectancy at birth; knowledge is measured by a combination of the adult literacy rate and the combined gross primary, secondary, and tertiary enrolment ratio; and standard of living, as measured by GDP per capita.

⁵ richest 10% and poorest 10%, ratio of the consumption or income share of the richest group to that of the poorest

considerably higher than the disappointing growth rate of 2.4 % recorded in 2001. These GDP growth rates are considerably below the 4.3 % target set for the NDP2 period. This reflects the economy's vulnerability to external shocks such as unfavourable weather conditions, exchange rate developments, and commodity demand and prices in the international markets.

The Namibian economy is forecast to grow on average by 3.6 % in 2005. Good performance is projected across all industries with the exception of agriculture. The below target growth reinforces the conclusions of most economic analysis that major efforts have to be undertaken to diversify the economy and create more investment opportunities in productive sectors of the economy, in order to address the economy's inability to create employment.

2.3.1.2 GDP components

Primary industries are the backbone of the Namibian economy. **Agriculture** remains the sector providing most employment in the country with 29 % of total employment in Namibia⁶, mainly in rural areas, where they account for 53 % of rural employment.

Although the recent decline in the sector's output contributed to the overall reduction in total exports, the **Fishing sector** is after mining the second most important sector with regard to foreign exchange earnings. The total annual catch is around 600.000 tons. The sector provides work for about 14.000 people and contributes to 5.7 % of GDP in 2003. The majority of employment is in the 30 fisheries factories in Walvis Bay and Lüderitz; others are employed by the fishing fleet. During 2004 the sector faced numerous problems. For a number of companies, poor management in the past, lack of investments and the inability to reduce costs, have aggravated their situation at a time when world market prices for some fish species have fallen and the value of the NAD has remained high vis-à-vis the EURO and USD. In addition labour problems also contributed towards a deterioration of the present situation. However, the present problems of the fisheries sector are considered temporarily; overall the future looks promising, as the policy followed by the Government is sound and orientated towards the responsible development and management of the marine resources. Output growth in the fishing sector is estimated to have been 3.7 % in 2003, down from 11.4% in 2002. For 2004 the estimates are of decrease of 9.6%. The **Mining sector** contribution to GDP decreased to 6.8% in 2003, down from 13.2 in 2001. With 18.4 %, primary industries are now the second largest contributor to GDP after **government services** which with 24.7 % becomes the first. In 2002, the respective shares were at 24.7 and 23%.

Secondary industries carry the economy's potential to grow by transforming raw materials into consumable goods. The sector however, registered a slow down in growth to 3.4 % in 2004, from 12.4 % achieved in 2003. This slow growth is worrying, as these are industries on which the hope for a prosperous Namibia by 2030 is pinned.

Namibia has been faced with a challenge of providing electricity and water to a growing population and expanding industries. In 2004, demand for electricity exceeded once more supply and prompted Namibia to import electricity from South Africa in order to meet increased demand. Plans exist to build the Kudu gas power plant in the South West of Namibia, but its production will not start before 2009 and will last for about 22 years with a peak production of 1,600MW. Another short-term project is to build an 800 km link to the Zambian power grid and eventually to the DRC Grand Inga. This much cheaper solution could be ready by 2007 when the South African supply will become unaffordable or inaccessible for Namibia.

Output growth in **Tertiary industries** registered slight improvement since 2002. The **Wholesale and Retail Trade sector** is one of the sectors that contributes most to the country's GDP (12.8%) and provides a large number of employment opportunities to the Namibian people. Output growth in the Hotels and Restaurants sub-sector (4.9% in 2003, down from 8.4% in the previous years) reflects the growth in tourists visiting Namibia. Tourism continues to play an important role in overall economic activities in Namibia, although figures of tourists in Namibia have gone down recently (mainly due to the economic crisis in Europe and the devaluation of foreign currencies against the NAD).

⁶ Namibia Labour Force Survey (2000)

Telecommunication in Namibia has reached a milestone in recent years covering almost the whole country. The expected arrival of a second mobile phones operator will enhance and improve the current levels of service provision and contribute to the performance of the sector.

2.3.1.3 Inflation

According to the Central Bureau of Statistics, consumer inflation was higher at 6.04 % y/y in December compared to 4.98% in November 2004. This brings the average annual inflation rate in 2004 to 3.9 %, down from 7.2 % in 2003. The inflation rate is expected to average 4.9 % in 2005.

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. The Namibian dollar is pegged at par with the South African rand due to the country's CMA membership. Also, some 80 % of Namibia's imports are sourced from South Africa. These two factors account for the fact that Namibia's inflation rate follows similar trends to South Africa's. Differences in the CPI weights and domestic cost factors may result in inflation differing from South Africa's. In general, Namibia's overall inflation rate shows similar trends to South Africa's. The relatively benign outlook for SA's inflation for 2005 suggests that inflation is likely to remain low in Namibia

2.3.1.4 Exchange rate

After recording one of its worst performances in 2001, the currency staged a dramatic recovery in 2002 through 2004. The recovery is expected to extend into 2005, largely on the back of a weak US dollar. The Namibian dollar could remain strong for some time and is forecast to trade at an annual average of N\$5.8 to the US dollar in 2005, compared to N\$6.44 in 2004⁷.

2.3.1.5 Interest rates

The Bank of Namibia (BoN) lowered the bank rate by 25 basis points to 7.5% on 12 August 2004, as inflation was not perceived to be a serious threat. The prime rate declined by a similar magnitude to 12.25%. These rates have remained unchanged.

Although Namibia's interest rates follow similar trends to South Africa's, due to their CMA membership, Namibia's interest rates can differ. Recently, interest rates in Namibia have been maintained at levels above those in South Africa to prevent an outflow of funds to the latter. Bank of Namibia (BoN) is, however, eager to see a closer alignment of rates between the two countries. The bank/repo rates are at the end of 2004 the same at 7.5%, but the prime rate is higher in Namibia, at 12.25%, compared to 11% in South Africa. With interest rates expected to stabilise and remain low in South Africa, given the low inflation rate and inflationary expectations, Namibian interest rates should follow similar trends.

2.3.2 Integration in the world economy and trade arrangements⁸

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. The discrepancies could be identified between the EU import figures and the Namibia Central Bureau of Statistics (CBS), a department of the National Planning Commission (NPC). The analyses presented in the annexes to this report have to be read with these important limitations in mind. Early 2005, the most recent trade figures published do go up to December 2003.

Government encourages trade diversification by promoting the manufacture of export-oriented non-traditional goods. To promote Namibia as a trading centre within Southern Africa, the Government has introduced a very generous tax allowance (80% tax abatement) on income derived from the export of manufactured goods (excluding meat and fish), irrespective of whether these goods have been manufactured in Namibia or not. Enterprises with Export Processing Zone (EPZ) status can operate in a

⁷ Source: Standard Bank Group Economics, South Africa, January 2005

⁸ See Annexe 8.3.1 Trade profile

totally tax-free regime and can be located anywhere in the country. Government policies also focus on the development of human resources, development and improvement of infrastructure, promotion of trade and diversification into non-traditional exports.

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

2.3.2.1 Export performance

The Namibian export sector is mainly constituted of mineral and other primary sector exports, such as agricultural and fishery products as well as tourism-related services. Namibia's main exports remain diamonds and other minerals including uranium and zinc, followed by fish, tourism and beverages.

The exports of beverages to Angola reached a peak in 2003, having risen from 0.3% to 7.4% of total exports in eight years. As a result of a substantial increase in tariffs and taxes these are likely to decrease significantly in following years. The EU with about 570 million € in 2003 was the second most important export destination after South Africa, with the two main products, fish and diamonds, constituting around 65% of total exports. Beef exports to the EU accounted for 43 million € or 7.6% of total exports to the EU whereas another agricultural export product that has done well in terms of exports to the EU is seedless grapes, with 75% of production exported to the EU at a value of 11 million €. USA statistics declared US\$ 123.2 million imports from Namibia in 2003.

Imports into Namibia consist primarily of transport equipment, refined petroleum products, chemical products, machinery and equipment, and food products. The main source is South Africa (80%), while imports from the EU account for about 8%.

2.3.2.2 Trade policy

Apart from SACU tariffs, the country applies very few trade restrictions. The degree of openness of the Namibian economy is evident from its high import/GDP and export/GDP ratios at 47% and 39% respectively in 2003. 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 especially those concerning its main trading partners.

Namibia's trade policy is largely defined via its membership in SACU⁹. References to trade policy do however 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 AU, 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 Protocol¹⁰ and the EU-SADC¹¹ EPA negotiations.

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

- The EU market under the Cotonou Agreement, subject to meeting certain rules of origin (accumulation of origin with South Africa has been permitted since 2003). Exports of canned and fresh fish as well as other goods such as hides, skins and leather products, are quota and duty free. Beef exports are subject to an annual quota of 13,000 tonnes, dutiable at a reduced tariff. Namibia also exports seedless grapes and utilises the full annual preferential quota for ACP countries of 900 tonnes plus a further 7500 tonnes, on which duty is paid.

⁹ Botswana, Lesotho, Namibia, South Africa and Swaziland

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

¹¹ The SADC EPA constellation consists of Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland, Tanzania, and South Africa as an observer.

- The United States market through the AGOA II – the USA has granted to Namibia "lesser developed country status", despite its relatively high GNP, thereby allowing producers to use third-country fabric in qualifying clothing exports (AGOA II). According to GRN, AGOA has generated substantial investment in Namibian textiles and clothing industries, and exports to the United States have increased, although still being at a rather modest level.

Namibia has continued to pursue its policy to broaden and deepen duty free access to EU markets for her agriculture products that meet SPS standards. An inspection by EU Veterinary services in 2003 stopped exports of beef meat. Measures were immediately taken to meet the necessary standards, with the support of EDF funded programmes and exports resumed in January 2004.

2.3.2.3 Regional Integration

After leaving COMESA in 2003, Namibia is now concentrating on its membership in SADC and SACU, which are both of high political and economic importance.

With the coming into force of the new SACU Agreement (2002) on 15 July 2004, all Member States have agreed to undertake any trade negotiations jointly, or at the least obtain the consent of the other Member States before negotiating and entering into, or amending existing agreement with third parties. This will have direct and immediate implication for the TDCA review between South Africa and the EU in 2005. The agreement further provides for the development of common policies and strategies with respect to industrial development; cooperation on agricultural policies in order to ensure a coordinated development of the agricultural sector; and the development of competition policies in each Member State, with regional cooperation on the enforcement of competition laws and regulations. The new SACU Agreement allows for a secretariat and an independent tariff setting body.

SACU is involved in trade negotiations with the United States and EFTA. A Free Trade Agreement was concluded with MERCOSUR in 2004, and during 2005 negotiations will be initiated with India and China. The SACU Secretariat was established in Windhoek in 2004, and should be fully staffed in 2005.

2.3.2.4 EPA negotiations

Namibia negotiates the Economic Partnership Agreement (EPA) under the EU-SADC EPA grouping, which also includes Angola, Botswana, Lesotho, Mozambique, Swaziland and Tanzania¹². South Africa participates as an observer. The negotiations were launched in Windhoek in July 2004 and a Joint Road Map was adopted. The road map establishes the overall objectives of the SADC-EC EPA as: sustainable development of SADC countries; their smooth and gradual integration into the global economy; and contribution to the eradication of poverty.

In early December 2004 the first meeting of senior officials took place in Brussels. It was agreed that the focus of the negotiations in 2005 would be:

- *regional integration;*
- *SPS* (sanitary and phytosanitary measures, i e food safety and animal and plant health requirements); and
- *TBT* (Technical barriers to trade, i e technical regulations and standards that could become obstacles to trade).

As a basis for the discussions the meeting decided to compile a *joint factual document on the state of play of SADC trade integration*, which would cover: multiple membership (regional and bilateral agreements); the situation of least-developed countries (Angola, Lesotho, Mozambique and Tanzania); tariffs; trade statistics; rules of origin; non tariff barriers; safeguards; SPS; TBT; trade facilitation and customs matters; trade related rules (investment and competition policies); trade in services and public procurement. It was noted that SPS and TBT had been chosen as priority areas in other "EPA regions".

¹² The remaining SADC Member States, i e DRC, Malawi, Mauritius, Zambia, Zimbabwe

Finally, the meeting adopted terms of reference for the *SADC-EC Regional Preparatory Task Force (RPTF)*. The RPTF is composed of representatives from the SADC Secretariat, of the NAOs of all seven SADC EPA member states, and South Africa, and representatives from: DG Trade; DG Development; EuropeAid and the EC Delegation in Botswana. The main task of the RPTF will be to translate needs for support identified in the course of the negotiations into operational ideas for appropriate development assistance. A number of national, regional and all-ACP support programmes, from which Namibia is benefiting, are already operational. These include the €3m Namibian Trade and Regional Integration Programme (NTRIP), the Economic Integration Support Programme for SACU (€6m) and the €20m EPA facility.

The split of the SADC member states between the EU-SADC EPA configuration and the EU-ESA (Eastern and Southern Africa) configuration has sparked a heated debate, as it is not seen as conducive to deepened regional integration. The issue is being discussed with the view of finding a workable solution which would be acceptable to all parties involved.

Namibia is not an LDC and does not enjoy the favourable EBA status, and is hence more welcoming towards the EPA. A greater concern for Namibia, as well as the other non-South African members of SACU, is the implications of the EU South Africa TDCA (Trade and Development Cooperation Agreement). Within the EPA process Namibia's priority areas are fish, beef and grapes. To date, they have developed draft position papers for TBT and SPS and are working on similar submissions for Rules of Origin and market access. They are hence trying to participate, do research and formulate positions as best as they can. Having said that, there is a lack of capacity both within Government (MTI and other Ministries) and the private sector, hence coordination between line ministries, and between government and the private sector leaves much to be wanted. The situation seems to be slowly improving.

MTI is the lead Ministry in trade negotiations. The relevant directorate, International Trade, has suffered from the absence of both its Director and Deputy Director who have taken up temporary positions with donor-funded programmes. As they did not resign from their positions at MTI the vacancies could not be filled. Late 2004 the Director resigned and a recruitment process was launched. The remaining officials have been most stretched with ongoing WTO and EPA negotiations, as well as SACU negotiations with: EFTA, USA, Mercosur, TDCA review, and India, China and some others in the pipeline. Other Ministries (such as Agriculture and Fisheries) have very little trade capacity, although the NASSP programme has contributed to the latter's ability to engage in trade matters.

2.3.3 Public Finance Management

There is a theory in economics that, in market economies with democratically elected governments, the economic cycle is closely linked to the political cycle, that is to say the holding of elections. There is no evidence that in Namibia Government attempted to influence the electorate in the run up to elections by stimulating the economy: either by lowering interest rates or increasing public spending on politically popular policies or both. The 2004/05 fiscal year¹³ is the first one where an increase in the pension has been announced. But even on the tax side there was no attempt to reduce tax rates before the elections.

Finance Minister Saara Kuugongelwa-Amadhila's first full national budget presented in March 2004 focused on technocratic issues concerning the budget process, debt management and some minor tax changes as well as to hammer home the message that greater fiscal discipline is needed. Aside from the criticism on every new allocation to Air Namibia, increases in excise duties and the social pension were the only announcements that interested the public.

2.3.3.1 Revenues

Revenue forecasts are generally conservative, total tax is expected to increase from N\$8,763 million in 2003/04 to N\$10,660 million in 2004/05, reflecting the increase in SACU receipts and recovery in income tax collection, two elements that were hardest hit in 2003/04.

¹³ The FY runs from 1 April until 31 March

Corporate tax from diamond mining companies is forecasted down from N\$220 million to a mere N\$52 million and dividends from Namdeb¹⁴ from N\$25 million to N\$13 million although diamond royalties rise from N\$450 million to N\$500 million. Namdeb puts this down to a strengthening of the exchange rate combined with the associated propitious timing for making new investments which must be paid for in US dollars. Despite strong growth and rising world prices, other mining tax falls from N\$20 million to N\$15 million.

Receipts from SACU are estimated to total N\$4,207 million in 2004/05 compared to N\$3,036 during 2003/04. The Minister reiterated Government's view that SACU receipts are expected to fall over time due to the new revenue sharing formula and lower import tariffs and this is reflected in the MTEF document that accompanies the budget.

Revenue from Administrative Fees and Charges contains a large revenue item under Defence of N\$46.6 million which is the payment by the UN for the peacekeeping operations in Liberia and observers to Sudan. The sale of government houses is expected to bring in some N\$72 million.

2.3.3.2 The fiscal deficit

The budget deficits for the MTEF 04/05-06/07 announced by Minister Kuugongelwa-Amadhila are the lowest forecast deficits since the MTEF began. In doing this, the Minister has set herself even more demanding targets than her predecessor. Observers do not believe public spending will fall by more than 4% of GDP between 2004/05 and 2005/06, especially if revenues hold up.

2.3.3.3 Budget support loans and grants

Under External Grants a total of N\$80.75 million is expected from the EU and SIDA for the education sector.

2.3.3.4 Budget execution

Ministry of Finance expected overall spending to increase by 3.7%. The Minister of Finance announced in her budget speech a number of across-the-board measures – reducing expenditure on overtime, goods and services, and furniture, freezing all vacancies except “essential posts” and “reducing waste and increasing productivity” – which affected almost all votes to a similar degree.

There are some striking changes in proportions allocated to certain votes. The Office of the President has doubled its share of the budget. This is due to significant expenditures since 2002/03 on the new State House. This higher level of spending looks set to continue until at least 2006/07 according to the MTEF document. The share allocated to the National Assembly and the Auditor General have doubled. The share allocated to Civic Affairs and Police have increased the latter due mostly to greater spending on the Special Field Force. Defence has received a steadily larger share of the budget and is set to receive more still into 2006/07. The share allocated to the Ministry of Finance has more than doubled while the share allocated to the Ministry of Basic Education has fallen considerably. Health and Social Services, Labour, Mines and Energy, Justice, Regional and Local Government, Environment and Tourism, Agriculture, Lands, and Information and Broadcasting have received steadily smaller proportions since 1995/96. Works and Transport receive far less, partly as a result of the commercialisation process.

Government priorities do not appear to have changed radically since 1995/96 if expenditure is viewed by vote. This may indicate that priorities have not changed and that the basic allocations in 1995/96 are still optimal. However, it may also indicate the continued existence of incremental budgeting whereby each vote receives a similar increase year on year. Whilst this has political advantages in that no particular ministers are favoured above others, it has economic disadvantages since resources are not allocated to programmes where returns are highest or withdrawn where returns are lowest.

The votes receiving a substantially greater proportion of the budget since 1995/96 have been the security votes (Office of the President, Police and Defence) and the Ministries of Finance and Higher Education.

¹⁴ Namdeb is a joint-venture between GRN and De Beers

Those that have lost the largest share include Basic Education, Health and Social Services, and Agriculture.

The new Minister is setting an extremely ambitious framework for limiting the size of government in the economy. But the current MTEF does not address the concern raised on improving the impact of the budget on the economy and generating greater growth by focusing on the quality of public spending. Without ongoing analysis and a reallocation of resources from initiatives that clearly do not work to those that clearly do, across-the-board measures which inflict small amounts of pain on everyone will not deliver a budget which achieves higher rates of growth over the long-term.

2.4 Update on the social situation

2.4.1 Key social development indicators

Type	Indicator	1992	1994	2000	2001	2002	2003	2004 estimate	2005 estimate	2006 target	2007	
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%	94%	94%	94%	95%		
	5 Primary completion Rate (P5) (3)	75%		94%	93%					98%		
	6 Ratio of girls to boys in (3) (4)											
	- primary education	102			100	100				100		
	- secondary education	124			113	113				100		
	- tertiary education	162		88	99		102			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. 13-19 years old b. 20-24 years old (6)		a. 6% b. 11%			a.11% b.22%			a.10% b.19%		a.9% b.15%	
	10 Proportion of population with access to safe drinking water											
- rural population (5)	45%			80%						80%		
- urban population (5)	99%			98%						95%		
Sources	(1) National Household Income and Expenditure Survey 1993/94 and NDP II, NPC											
	(2) Namibia Demographic Health Surveys 1992 and 2000, Ministry of Health and Social Services											
	(3) EMIS, Ministry of Basic Education, Sports and Culture; 2001 Census and NDP II, NPC											
	(4) Administrative reports, Ministry of Higher Education											
	(5) Census 1991 and 2001, NPC											
	(6) HIV Sentinel Surveys 1992 to 2004; DHS 2000; HIS, Ministry of Health and Social Services											
	(7) World Development Indicators 2004, WB											

There is a general concern among development partners on the lack of reliable data measuring the impacts of the national policies at the national and regional level. The Central Bureau of Statistics is part of the National Planning Commission and is suffering from important institutional and capacity weaknesses that have partially been addressed through EC and SIDA support. GRN has launched a review of the sector that should deliver recommendations to the new Cabinet for a sustainable and efficient statistical institute for which external development support will certainly be required.

In the education sector, the ministries have recognised the backlog and have re-allocated resources (also through EC support), to redesign an affordable and sustainable information management system. The existing one, funded by USAID, being too complex for the management needs. Updated results are expected towards the end of 2005.

After several major revisions since independence, the Ministry of Health and Social Services' (MoHSS) health information system (HS2K) began operating in January 2001. It was designed "to give as much ownership and responsibility of data to health districts, the most peripheral management level of the Namibia health services". The MoHSS' information has lastly been updated in March 2002. Several approaches are underway to strengthen the system, but no deadline is known. Given the large amounts of funding received by Namibia, such a development has become of much higher priority. This could be addressed through a major generic support to Namibia's statistics system.

2.4.2 Achievements in the social sectors - Poverty reduction

2.4.2.1 Poverty Situation

Using money as the measure of poverty and thus ignoring the other deprivations of essential capabilities, a total of 38 per cent of the country households in 1993/94.¹⁵ were found to live below one US\$ per day. In Namibia the most recent figures show that the richest 7,000 people spend as much as the 800,000 poorest: this makes Namibia one of the most unequal countries in the world. Eighty-five per cent of poor households are located in rural areas, making their living from subsistence farming. The gap between average rural and urban incomes, and the perception of better opportunities in urban areas, fuels emigration from rural areas to the country's major cities, which in turn increases urban poverty as well. Poverty is higher among historically and traditionally disadvantaged groups. For example, the per capita income in a household where the mother tongue is German is 23 times higher than in a household where the main language is San.

Unemployment rates are very difficult to establish. Preliminary ILO estimates indicate that the youth (15-24) rate was of 10.9% in 2002, but these figures are contradicted by several other sources, including in the WB literature, which rather mentions a total rate of 35% in 1998.

The official Labour Survey from 2000, published in 2002, reports a total population aged 15 and above of 888,010 of which 61% are economically active, including 109,598 unemployed, which could establish the unemployment rate at 20.2%, up from 19.5% in 1997 according to the same source. In addition, 20% of the active population is considered to have only an "elementary occupation". For 26.8% of the economically active population, the main source of income comes from subsistence farming

2.4.2.2 Education

The Namibia 2004 MDG Report highlights that the country has been making good progress towards the goals for universal primary education. However there remain significant challenges to the sector and a more nuanced view is needed especially in terms of the quality and equity of provision, as well as looking beyond primary to secondary, tertiary and pre-primary provision.

There is little question that access to primary school, as measured by Net Enrolment Rate (NER), has improved greatly since independence and that as far as data from 2002 shows Namibia is on track to meet its targets in terms of access and gender parity.

It is important to get more up to date information on this, as there are concerns that the HIV/AIDS could be having a negative impact on access and quality in education. Furthermore, national level data hide regional variations, and in particular the plight of educationally marginalised children. Those children who are not in school are often particularly difficult to reach, largely because of their isolation on large commercial farms or in remote rural areas, or due to the affects of HIV/AIDS on the family. A key challenge will therefore be to explore strategies for providing access to high quality schooling to educationally marginalised children, including OVC, children with disabilities and minority language speakers.

It should also be highlighted that while survival rates to Grades 5 and 7 are encouraging, these are largely the result of a policy of semi-automatic promotion. In fact, even with this policy, there are levels of grade repetition throughout the primary cycle averaging at around 17%. This is a cause for concern and raises further the question of the quality of education that is being delivered. Recent surveys indicate that the quality of output from primary schools is poor, with low levels of functional literacy. With high levels of inequity in the provision of education inputs, there is a question over the equity of access to high quality education.

Education has been a development priority since independence, consuming around 25% of total Government expenditure, or 9% of GDP; a figure that is decreasing. With the clear problems in the

¹⁵ A new survey is carried out by NPC to assess progress towards the national poverty eradication targets

quality and equity of the system, there are a number of critical concerns over both the effectiveness and sustainability of spending on education.

2.4.2.3 Health

2.4.2.3.1 Reduce child mortality

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 of malnourishment for children. There is no data available for **under-five mortality** for the year 1992; the data is based on figures from the 1991 census. The census data indicates that under-five mortality has decreased in a decade but at a slow rate. Access to safe drinking water could prevent under-five mortality which is largely caused by diarrhoea and malnutrition. HIV/Aids also contributes to the relatively slow progress towards achieving the MDG.

Progress on the **proportion of one-year old children immunised against measles** has been good although not continuously. Indeed, the average coverage of measles vaccinations in the years between 1992 and 2000 was 67% as reported by the Namibia 2004 MDG report. The challenge consists in maintaining the positive achievements of the Expanded Programme on Immunisation which has experienced resource constraints in terms of qualified staff and transport.

2.4.2.3.2 Improve Maternal Health

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.

2.4.2.3.3 Combat HIV/Aids, Malaria and Other Diseases (see also 2.4.3.3 below)

Malaria is a major public health problem in Namibia and is the leading cause of illnesses and deaths among under-five year olds and the third leading cause among adults. An average of 400,000 outpatients, over 30,000 inpatient cases and 300-1,300 deaths are registered annually due to malaria. Namibia's Roll Back Malaria Programme's target is halve malaria mortality and morbidity by 2010.

Tuberculosis is second leading cause of mortality and 4th of morbidity in Namibia. Although Directly Observed Treatment, Short course strategy has achieved 100% coverage, sub-optimal access has led to a treatment success rate of 64%. Tuberculosis incidence is about 596/100,000 and during 2001 about 13,000 sputum positive cases were detected.

The HIV prevalence rates have steadily been increasing in Namibia until year 2004 when the latest Sentinel Sero Survey results showed for the first time a possible decrease in prevalence.

2.4.2.4 Water

Progress regarding water supply coverage has been made since independence. The set targets seem reasonable based on current progress as long as the implementation is backed with steady financial and human resources. It is predicted that 100% coverage for urban and rural areas can be achieved by 2030.

The strategy to be followed to achieve the targets is the encouragement of the active participation of users and beneficiaries in regulating water access. In the rural areas the management of the water points is handed over to committees. Presently, 82% of the rural population have access to improved water supply systems, which is an increase of 32% since independence. 600 water points were handed over during the financial year 2003-2004. Since the implementation of Community Based Management, 1800 water points were handed over, but its total implementation will not be completed by 2007 and Cabinet granted an extension until 2010. 70% of the pipelines in the rural areas are integrated into billing, however, only 61% of the delivered water was paid for collectively. The Directorate of Rural Water Supply (RWS) is feeding the difference to NamWater, the distribution parastatal.

2.4.3 Achievements in cross-cutting issues

2.4.3.1 Gender

Despite relative progress in developing a comprehensive policy and legislative framework for furthering gender equality, much work still remains to be done for these commitments to be reflected in the social reality. While Namibian women live longer than their male partners (life expectancy at birth for females was 46.8 years in 2002, compared to 43.8 years for males¹⁶) and urban women have by far the highest literacy rates (92%.¹⁷) in the country, unemployment among women is significantly higher than among men in all age groups except for age 65 and above¹⁸. Indeed, in the recently concluded Participatory Poverty Assessment of the northern Ohangwena region, women frequently cited gender discrimination as one of the factors limiting their access to waged employment and consequently to cash income. This situation is reflected in that the estimated earned income (PPP US\$) for Namibian females is 4262 as compared to 8402 for Namibian males.¹⁹

As regards the exercise of political rights, 2004 saw women gain up to 25% of the seats in the National Assembly elections, a small decrease from the previous representation of 29%. However, Namibia still counts among the top-ranking countries with the most women parliamentarians in Africa. The SADC Declaration on Gender and Development requires that women make up at least 30% of decision-makers.

The Ministry of Women's Affairs and Child Welfare (MWACW) is the institution tasked with promoting gender equality and the equitable socio-economic development between women and men in Namibia in line with the National Gender Policy of 1997 and National Gender Plan of Action 1998-2003. The Gender Plan of Action is due to be reviewed and updated to reflect the current gender situation in the country. However, the relatively weak bargaining power of the MWACW in terms of budget allocations hampers the effective delivery of services as per the national policy.

In an international comparison, Namibia has a gender development index of 0.602 down from 0.62 in 2003 that places it in the 101st place among the 144 countries surveyed.

2.4.3.2 Environment

Environment is recognised as a major crosscutting issue by GRN to promote economic growth while ensuring equitable and sustainable utilisation of renewable and non-renewable natural resources. Environmental protection is enshrined in the Constitution and sustainable development is a corner stone of Vision 2030. The integration of the principles of sustainable development into national policies is further supported by various key international and national legal instruments and policy documents²⁰.

The priorities for Development Assistance are rather large. They include strengthening the technical, institutional and organisational capacity of national environment agencies in order to improve the conservation and management of biological diversity within the coastal regions of Namibia. Supporting a fully functional climate change programme, develop a comprehensive policy and set research and priorities while boosting available funds for maintenance and improvement of Namibia's natural capital remains a challenge. Together with the economic development potential identified, there is a need to identify options to optimise the socio-economic benefits from natural resources.

Technical assistance to strengthen collection, maintenance and analysis of environmental statistics is certainly a prerequisite together with improved information and the policy environment.

Development could also include the extension of protected areas network and improve environmental and economic management. There is a need to support GRN programmes to preserve land from degradation

¹⁶ Source: UNDP Human Development report 2004

¹⁷ Source: 2001 Population and Housing Census. It should be noted that the literacy figures reported in the Census do not reflect functional literacy levels and should therefore be treated with caution.

¹⁸ Source: 2001 Population and Housing Census

¹⁹ Source: UNDP Human Development report 2004

²⁰ , Such as the Green Plan, the National Land Policy and additional operational frameworks and draft Bills (

through afforestation, combating of bush encroachment and planning for sustainable land use. Limiting this to Namibia alone becomes irrelevant and there is an increasing attention towards meeting trans-boundary conservation and resource-sharing challenges through co-operation with neighbouring countries on planning and managing shared river basins, ecosystems and migratory species.

2.4.3.3 HIV/Aids

Year 2004 saw progress in the effective development of strategies to manage and control the HIV/Aids pandemic that continues to present one of the most serious development challenges for Namibia in the years to come. The Third Medium Term Plan on HIV/Aids 2004-2009 (MTP III) was launched in April 2004 following a broad consultation process to ensure a comprehensive multi-sector framework for all actors to collaborate and guide the implementation towards an effective national HIV/Aids response. In line with the up-scaled HIV/Aids response, the newly established Directorate for Special Programmes (HIV/Aids, Tuberculosis, and Malaria) within the Ministry of Health and Social Services (MoHSS) was reinforced with new capacity and staff. Regional support visits have begun to assess and support the development of a regional response in parallel with the provision of training for sector focal points in line ministries tasked with HIV mainstreaming. At the national level, the continued development of policies and guidelines creates an enabling environment for HIV prevention, care and mitigation efforts.

In parallel with the policy development initiatives, MoHSS began the rollout of anti-retroviral treatment in late 2003 to public hospitals countrywide. By December 2004, 5000 people were receiving treatment through public hospitals. MoHSS' aim is to have available treatment in at least one public hospital in all 13 regions by end 2005, a target that has been the subject of much discussion as Namibia currently has around 152,400 HIV positive people in the workforce alone according to ILO.²¹

The results of the 2004 Sentinel Zero Survey indicate that the HIV prevalence in women attending ante natal care has declined for the first since the beginning of the HIV/Aids pandemic to 19.8% from 22% in 2002. The most sexually active age groups (15 – 34 years) all experienced a levelling off or decline in HIV prevalence, but given the limited sample size, these results cannot draw the conclusion that HIV prevalence has actually fallen. The pandemic still continues to impact the social fabric of Namibia with families being under increased pressure to cope with the growing number of very often HIV positive orphans and vulnerable children (OVC) which currently number around 120,000 according to UNICEF estimates.²² To limit these infections state hospitals began in August 2004 to rollout a newly introduced prevention of mother-to-child transmission programme. As access to sufficient nutrition is a prerequisite for the success of HIV treatments, food security has become an issue of concern.

The financing of the fight against HIV/Aids is supported by several donors, including the EC, through projects located within MoHSS, other line ministries and Non-State Actors, including the private sector response. Namibia benefits from the US President's Emergency Plan and is scheduled to receive the first disbursement from the Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM) in 2005. The agreement with GFATM was signed in 2004 and actual implementation is due to begin with the putting in place of a Project Management Unit within MoHSS.

The EU donor group has raised the need for increased policy dialogue with MoHSS to ensure that resources feed adequately into support for MTP III. To this end, a process involving the review of the Terms of Reference for the UN-chaired Partnership Forum on HIV/Aids has commenced in close cooperation with MoHSS.

²¹ Source: ILO report released at the occasion of the International AIDS Conference in Bangkok 2004

²² Source: Children on the Brink 2004, UNICEF

3 DEVELOPMENT AGENDA OF NAMIBIA

Namibia continues to show a strong commitment to poverty reduction and the provision of opportunities to its citizens. The President launched Vision 2030 on 02 June 2004. This document sets out the policy framework for long-term national development. Although the details of the implementation mechanisms are still being elaborated, the primary means of achieving the Vision will be through a series of medium term National Development Plans. Thus, the results of the mid-term review of the current Second National Development Plan (NDP2) will provide a benchmark against which future progress may be measured, and will inform the further development of the implementation framework.

One of the major principles embraced by Vision 2030 is lifelong learning. This will require a holistic, coordinated and integrated approach to planning so as to achieve the synergies that ensure education for all in a learning nation. In this regard the formulation of the Education and Training Sector Improvement Plan (ETSIP) was initiated in April 2004. Building on the lesson learnt and principles of the EC and Swedish Education Sector Support, ETSIP will stimulate further sector-wide educational growth and development. The first step will involve the development of a comprehensive strategic framework to provide a roadmap for the long-term development of the sector as a whole.

The establishment of the Poverty Reduction Division with the National Planning Commission Secretariat (NPCS) has helped Government scale up actions towards poverty reduction. The mid-term review of the Namibia Poverty Reduction Action Programme (NPRAP), conducted in 2004, generally concluded that significant progress has been made in regard to providing the necessary policy environment for poverty reduction in Namibia. However, it noted that the absence of baseline data and up-to-date information in certain instances, make it impossible to assess the actual outcome and impact of interventions on the well being of poor and vulnerable people. In addition, whilst recognizing the relevance of NPRAP as a practical guide to poverty reducing development actions, the review strongly recommends that the NPRAP should be more focused and specifically targets the most vulnerable groups, such as women, youth and those infected and affected by HIV/AIDS.

With regard to poverty monitoring, a monitoring strategy with core monitoring indicators is being finalized. A Poverty Profile was produced for one region and Participatory Poverty Assessments have been completed for two more regions, with draft poverty profiles under preparation. These together with information from the recently completed National Household Income and Expenditure Survey (NHIES) and other sector management information will be analyzed and used to produce a National Poverty Status Report. In addition, Poverty Diagnostics and Monitoring training have been conducted for staff of the Central Bureau of Statistics (CBS) and other key partners, thereby strengthening capacities to generate poverty related information from multi-topic household surveys, and relevant chain indicators for monitoring.

A significant development since the preparation of NDP 2 and the EC-Namibia Country Strategy has been the evolution of the MTEF, introduced in 2001, the PEMP and in 2003, the Medium Term Plans (MTPs). They present budget ceilings for three years, and link them to Ministry objectives and performance indicators. These refer to outcomes (and outputs) that Ministries are expected to meet with the resources allocated to them.

MTEF and PEMP have considerably improved the transparency of the budget process; encouraged fiscal discipline; allowed a better understanding of Government priorities; and have impacted significantly on the nature of debate within the budget hearings. The continuous improvement of the PEMP measures in the form of more desegregated data has further enhanced the approach. To take this further, the Ministry of Finance introduced a system of Medium Term Planning for Ministries in 2003. The objective of MTPs is to enable the Government to move away from the traditional way of budgeting by line item to programme budgeting. MTPs set in detail how resource allocation over the next three years will contribute towards achieving NDP2 objectives.

4 OVERVIEW OF PAST AND ONGOING CO-OPERATION

Following the completion of the mid-term review (MTR) the resource allocation for Namibia was revised. The A envelope was increased to 69.43 million € due to a transfer of 15.3 million € from the B envelope and 3 million € from additional resources allocated to the country. The new allocation under the B envelope amounts to 26.3 million €, including an amount of 25 million € from the 8th EDF SYSMIN facility, which will be used to complement the support to the focal area of Rural Development. With this provision, the envelope B is thus increased by 43.3 million € and the envelope B decreased by 40.3 million €.

The global allocation for the Rural development focal sector amounts to 53million € (56.13%), whereas the Education and training focal sector saw its allocation increasing to 29 million € (30.71%). The programmes outside the focal sector see their allocation increasing to 12.43 million € (13.16%).

The current total allocation of 94.43 million € remains insufficient to cover the over programmed EC interventions already approved and the funding of the newly identified “Public Finance Management Support Programme”. It is also insufficient to provide additional support to capacity building of Non-State Actors.

4.1 Focal Sectors

4.1.1 Education Sector

4.1.1.1 Evolving Policy Context

EC support to the education sector under the Education Sector Programme 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 ministries, an MTEF was introduced in 2001 across the GRN budget, and sector coordination mechanisms were in place. The objectives of EC support are in line with NDP2.

Initially, the key actions anticipated were to finalise and cost strategic plans for the two education ministries including an integrated response to the threat of HIV/AIDS, formulation of a VET policy, and establishment of the Namibia Training Authority (NTA). The Financing Agreement for the EC support to the ESP signed in 2003 is based on this. It includes a set of eight core indicators by which progress against policy commitments could be monitored. The core indicators for monitoring performance have been discussed at coordination meetings and expanded to give a more comprehensive view of sector policies set out in the strategic plans.

In 2004/5 the ministries have for the first time published their medium term expenditure plans (MTP), set out as objectives and programmes alongside monitoring indicators. The education ministries have been working with technical support from the Commission (9 ACP NAM 02), the World Bank and other donors to develop an Education and Training Sector Improvement Programme (ETSIP) 2005-2020 that addresses the weaknesses of the strategic plans for 2001-06 by providing a more comprehensive view of the sector and its resources and expenditures. This work is the focus of sector coordination and consultation meetings, and we anticipate that by mid-2005 a clear set of policy commitments, with priority policies and strategies will be finalised under an ETSIP medium term programme.

Sector expenditure trends are creating a momentum for change and the Joint Annual Review (JAR) discussions highlighted a number of issues that will help guide the prioritisation of strategies under ETSIP. On the one hand, expenditure cuts across all Ministries will mean declining resources to the sector, while on the other the lack of change to the existing cost base means that costs are rising. This is creating a squeeze that will impact most immediately on the more discretionary (i.e. non-salary) expenditure items. This is likely to negatively affect the Government’s ability to achieve its policy and strategic objectives for improvements in quality and equity in the sector. While this is of great concern, the result is a growing consensus of the need for critical efficiency reforms. Hard decisions will need to be taken and backed by high-level political commitment. A sector expenditure strategy will set out the trade offs, and focus on reforms that will have the greatest impact on the system.

It is clear 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.

4.1.1.2 Results

At the 2004 JAR, government presented its performance report, the first of its kind to focus on sector performance and outcomes, rather than inputs and activities. This formed the basis for JAR discussion of the problems facing the sector and the way forward, taking account of the development of a more comprehensive sector approach through the ETSIP, sector ministry Medium Term Plans (MTPs), and the need for an expenditure strategy for the sector.

An important problem in assessing sector performance remains the lack of up to date information on key indicators. The EMIS unit provided reliable data until 2001 when it started to experience staffing problems. In the last year work has been conducted, with support from EC and Sida, to address the backlog and produce up to date information. As part of this the education ministries are looking at options to strategically review the EMIS set up for the whole sector and expect to have up to date data available during 2005. The sector performance assessment made at the 2004 JAR was only able to use data from 2002.

The DPs were satisfied with the assessment made of sector performance as set out in the JAR Report. The GRN has highlighted the problems being faced and the generally poor performance in terms of quality and equity in the system. The assessment set out in the 2004 JAR Report can be seen as a baseline for future reviews, with the caveat that more up to date information is required.

Access to primary and secondary education remains on track to achieve Namibia's goal of Primary NER 94% by 2006. NER for 2002 is recorded by the EMIS unit as 93.7% for primary, but only 48.2% for secondary. At all levels of the system, female enrolment is at parity with that of males or higher, although regional variations disparities exist and in some cases the drop out rates are higher for girls. There is a need for further analysis of regionally disaggregated data and of the reasons for the declining enrolment of boys at secondary level.

Through the introduction of staffing norms, the Ministry of Basic Education, Sport and Culture (MBESC) aims at increasing the **efficiency of education service delivery**. The norm of 35:1 in primary schools and 30:1 in secondary was introduced in 2001. Slow but steady progress is being made towards this target, with 2003 data showing average learner-teacher ratios of 32 and 25 for primary and secondary respectively. It is critical to implement this staffing norm fully to ensure greater efficiency in the system, where salaries account for over 93% of spending in primary education. There are also some efforts underway to clean the payroll to eliminate wastage, although this is held back by the lack of a computerised personnel management system.

The internal efficiency of the system raises questions about the **quality and effectiveness** of schooling with high levels of grade repetition (average 17.5%, but as high as 25% in Grade 5) despite a policy of semi-automatic promotion. However, survival rates do seem encouraging, at around 82% for primary school. Survival quickly declines to 57 % by Grade 10 and 33 % by Grade 12, which is also reflected in the high drop out rates for Grades 8, 9 and 10. This internal inefficiency compounds the low levels of access to secondary education.

The number of qualified teachers has increased to over 45% in 2002. However, geographical differences remain important (31% in Rundu and 76% in Khomas). Furthermore, despite increases in the number of qualified teachers in the system, a Southern African Consortium for Education Quality (SACMEQ) study reveals very poor quality of learning in primary schools (bottom of 15 countries in mathematics and science). Grade 10 (JSC) and Grade 12 (IGCSE) examination results have shown slight year on year improvement. However, less than half of grade 10 candidates attain the minimum level of performance required to qualify for entry into grade 11, with student performance particularly low in mathematics and

science. This pattern holds for Grade 12 examinations. Analysis indicates that there are regional variations in pass rates, with a lower proportion from the poorer northern regions attaining the minimum grades to pass on to the next level. This data calls into question the use of literacy rates taken from the national census (1991 and 2001) which only records reported literacy.

Cost benefit analysis shows the returns from providing textbooks to learners in Namibian schools are especially high, reflecting that in many schools learners are inadequately provided with even the core text books. The inclusion of a learner-text book ratio as a key sector indicator is to reflect the priority in ensuring a textbook policy is put in place and enforced under ETSIP. Until now data on this has not been properly captured. There is a need for a shift in the expenditure composition, with an increased proportion of the budget spent on quality enhancing measures (e.g. textbooks) and less on remuneration.

While the numbers of students attending vocational training have slightly increased, supply still does not meet overall demand. There has been a gradual improvement in the trainee performance in external examinations over recent years. However, performance is still poor: more than half of the candidates fail the trade tests and just over half (52%) pass the commercial courses offered by Pitman and City and Guilds. Women's pass rates are generally poorer than men's. Curriculum reform is underway, moving towards competency based education and training programmes and associated qualifications framework making it easier to assess the quality of outputs from the VET system. While much needs to be done to create a more market responsive system, the foundations are being laid in the establishment of the Namibia Training Authority (NTA) and its early operations, supported by EC and Sida.

From this brief assessment of results in the sector, and from the more in depth analytical work now available, it is clear that while some areas of progress can be highlighted, overall sector performance continues to be poor. In particular the poor learning outcomes and the continued inequity of the system are major concerns. In some cases this has been due to a failure to properly implement policy, or a lack of capacity in managing the sector at head quarters, regions, and schools to focus on performance. A key issue is the lack of accountability at all levels for results. However, with the budget reforms now being implemented and the anticipated finalisation of ETSIP in the coming months, the sector is at a critical juncture. There is now an opportunity to set in concrete terms the policies, strategies and specific actions that will be taken year on year to implement essential improvements to the sector.

A Government led process of sector coordination has made progress during the last year, with the ESPAG and JAR becoming an established focus for sector dialogue. Furthermore, the work done on the ETSIP, as a comprehensive sector programme represents a significant development towards a more coordinated approach, which can form the basis for improved sector dialogue and coordination. The EC has continued to take the lead in organising the DP Coordination Group (DPCG), in which DPs come together as a group to discuss sector level issues, particularly linked to the ESPAG/JAR schedule. A joint DP report was presented at the JAR and the group also prepared a joint response to the main JAR Report as well as the current draft ETSIP. In this way, the DPs are starting to work more coherently as a group, and recognise the strategic importance of communicating as much as possible with one voice. The World Bank is participating in this DP coordination, although negotiations are also taking place directly at ministerial level. Namibia is not eligible for IDA conditions and, according to the World Bank, if a loan is to be taken, the whole package would need to be softened by DP grants (or AfDB loans) to make the IBRD conditions "affordable".

4.1.1.3 Progress in activities

The second tranche of sector budget support was released in August 2004, with the conditions for release having being met with the presentation of the National Budget in March, along with reports on progress in the sector. The Budget includes the MTEF and MTPs that set out the priority objectives and programmes of the ministries. This was the first year these sector ministry MTPs were presented with the Budget. Sufficient progress was demonstrated against the Action Plan agreed at the 2003 Joint Annual Review.

The third tranche of budget support is due with the next financial year, from April 2005. The Ministry of Finance convened a meeting in late 2004 between GRN and EC/Sida to discuss the status of preparation of the Auditor General's report for the year 2002/03, which will need to be presented alongside the request for release of this third tranche. This illustrates the concern of the Government to ensure that all conditions will be met on time. The ESPAG meeting held in December 2004 did not receive a progress update on the implementation of the Action Plan, but was assured that this will be presented in March 2005. A preliminary assessment indicates that progress is slow, which may be a concern in the context of the third tranche release. Monitoring systems also need to be strengthened in line with commitments.

The presentation of medium term expenditure plans for the sector will also be a key trigger for the release of this third tranche of support. The development of ETSIP and the sector expenditure strategy should give much needed substance to the MTPs. Reporting on the MTPs at the 2004 JAR reflects the lack of coherence within and between these programmes.

The EC has now made a first payment of 500,000 € into the Institutional Strengthening and Capacity Building Facility (ISCBF) that provided some key inputs to sector development.

A Policy and Planning Adviser was funded by the ISCBF to assist the education ministries in strengthening the development of medium term plans and assisting the development and implementation planning of ETSIP. The facility also supported the establishment of a Medium Term Technical Team working on a medium term budget planning and, in particular to conduct expenditure analysis and produce an expenditure strategy.

Strategic monitoring is being supported through support to the EMIS unit, including development of strategic options for the decentralisation of EMIS. On going strengthening of the national inspectorate and the development of national standards of performance to be used by inspectors in their work with schools has also been supported by the Facility.

Significant progress has been made in VET reforms, especially in establishing the NTA with early work being conducted to reform the curricula and qualifications framework. The private sector has been brought in as a key player in this reform process with a Task Force established with significant representation from business and industry. There is a strong commitment to establish the NTA, although there are concerns that the NTA has still not been legally established under a VET Act to be passed by the National Assembly. The current activities of the nascent NTA are being funded by the Facility, but the National Training Fund and a training levy (if implemented) will pick up the costs once the NTA is a legal entity.

Currently the work of the ISCBF is progressing more slowly than originally expected. In part, this is due to the lack of a broader capacity building programme, now more urgent with the development of ETSIP. The next work plan will be drafted alongside ETSIP programming.

4.1.1.4 Degree of integration of cross-cutting themes

4.1.1.4.1 Institutional Development

The ISCBF was established to assist the integration of institutional development into the policy and strategic framework, as a component of a broader institutional development and capacity building programme. An institutional needs assessment was commissioned under the ISCBF to provide more detailed information and advice to GRN on this. Unfortunately the needs assessment was not satisfactory and has provided little value added. Development of ETSIP itself is raising critical institutional development issues, highlighting the need for improved linkages with broader GRN reforms, including the budget reforms, decentralisation and public service reform. The sector is seen as an important test case for the success of the medium term budget planning that has been introduced over the past three years. However, progress in broader decentralisation planning and public service reform has been moving more slowly. These are areas of key importance for the implementation of education reforms.

There is significant attention given under ETSIP to the need for improved systems of accountability, requiring improved monitoring and evaluation. An associated area that will require high levels of political

leadership is the need for improved human resource management. To some extent this can be dealt with at a technical level, but the Public Service Commission is charged with institutional level reforms human resource management, and little progress has been seen in recent years in the work of this body.

4.1.1.4.2 HIV and AIDS in Education

To address the HIV/AIDS crisis in Namibia, the GRN has adopted a multi-sector approach with planning and coordination bodies established under the Ministry of Health and Social Services. Within the Education sector, key responsibilities fall under the HIV and AIDS Management Unit (HAMU), which was established in 2003 to provide sector level operational planning, coordination and monitoring. HAMU is primarily a coordinating body and one of its key roles is to ensure that resources to the sector (from a variety of sources) are best used within a strategic framework of priorities to reach clear objectives/results.

Progress has been made over recent years in policy and programme development: a National HIV/AIDS Policy for the Education Sector has been established, the Education Strategic Plan includes an HIV and AIDS component. While further review and development of HIV/AIDS and Education programmes is a priority, various activities and programmes are being implemented by the different directorates and regional offices, in cooperation with Development Partners and NGOs. These initiatives include programmes targeting primary and secondary school learners, the training of school managers on Sexual Health and HIV/AIDS, and the initial development of an IEC programme and purchase of materials.

At the Joint Annual Review of the education sector held in September 2004, significant attention was given to the need for more integrated education sector response to HIV/AIDS. The ongoing development of the ETSIP and other sector planning mechanisms represent important opportunities to ensure that this happens. EC is supporting HAMU through the ISCBF, with strategic inputs to strengthen the unit in fulfilling its mandate.

4.1.1.4.3 Gender

As outlined above, 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. This does hide some disparity within certain regions, and a particular issue for concern is the higher level of drop out for girls than boys. There are also concerns over the relatively poor performance of boys in examinations, compared to girls.

While there is overall gender parity in enrolment to vocational training, there is significant disparity across fields of study, suggesting that there is a strong gender stereotyping, with women dominating certain courses (e.g. clothing and knitting craft; secretary and administration; hospitality) and men dominating others (e.g. carpentry/joiner and welding).

4.1.1.4.4 NSA Involvement in the sector

NSA's have been brought in to the sector coordination through their participation in the JAR and ESPAG fora. However, more attention will need to be given to systematising this involvement. At the ESPAG meetings the NANGOF is invited, although until now their participation has been limited. A handful of the more active NSA's have made contributions to the process, but it will be important to extend this level of stakeholder involvement as ETSIP is taken forward and implementation arrangements agreed.

4.1.2 Rural Development Sector

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.

The sector has six main objectives implemented through seven major programmes which receive state revenues and donor funding:

1. To sustain agricultural and water resources;
2. To improve levels of household food security and nutrition nationally;
3. To ensure access of all Namibians to clean and safe potable water
4. To improve rural income at both national and household levels
5. To maintain and rehabilitate essential ecological processes, life support systems and biological diversity
6. To ensure the sustainable and optimal utilization of renewable resource.

Table: Seven major programmes in the rural development sector

N\$ '000	2003-04	2004-05	2005-06	2006-07	2007-08
Administration	103 865	87 011	97563	95 012	98 671
Programmes:					
Farming systems research & extension and support to crops & livestock production and diversification	115 526	128 138	143 493	146 323	144 298
Strengthening human resources & institutional capacity	50 746	66 205	54 234	52 164	48 826
Agricultural services & strengthening of agricultural infrastructures	20 262	28 739	47 453	29 402	35 236
Food security & nutrition and support to marketing trade & post harvest operations	56 163	77 094	96 785	96 995	104 583
Resource assessment, development & monitoring	27 009	26 246	24 961	26 797	30 000
Community Based Management (CBM) and Rural Water Supply & development	132 817	139 027	179 282	177 993	151 145
Sustainable and participatory management of forest resources & woody vegetation	0	0	25 321	27 767	29 052
Total	506 388	552 460	669 092	652 453	641 811

During the second half of 2005, the 53 million EUR Rural Poverty Reduction Programme under the 9th EDF will take off. The Programme includes the following main components: Institutional Support to the Government of Namibia and selected Non-State Actors, including Capacity Building for Land Reform, Facilitation of Community-based Management, focussing on rural water supply sources; Infrastructure Development, focussing on rural roads and rural water supply, and Support for Decentralised Demand Driven Actions, to stimulate rural economic activities. The Programme's Overall Objective is to contribute to sustainable development in Namibia, and therefore to attaining Government's Vision 2030.

4.1.2.1 Progress & Results

The programmes were established during 2003-2004 and will be supported during the next 5 years. Although in the early stages, some progress was achieved. Progress per programme will mainly focus on the EC supported interventions through REMP and NASSP, mainly in Programme 1 to 4.

4.1.2.1.1 Programme 1 - Farming systems research & extension and support to crops & livestock production and diversification

With technical and financial support from several donors, the MAWRD continues its efforts to integrate the 'Farming Systems Research & Extension (FSRE)' approach in its programmes. Considerable time was spent on capacity building of staff to get a good understanding of the approach and to put it into practice. Almost half of the 490 trials and demonstrations of various food and cash crops and forage

species failed due to insufficient rain. They were conducted focusing at the effects of varieties, intercropping and plant density and fertilizer applications.

GRN also embarked on support to big-scale irrigation along the perennial rivers, the so called 'Green Scheme'. A policy and strategy was developed with clear guidelines how to have access funds and subsidies while the 'Green Scheme Agency', fully funded by GRN, was established to provide services towards screening of projects and technical support.

A potential area of comparative advantage, which it is believed could generate significant farm incomes and export earnings, is that of indigenous plants in demand internationally because of a variety of specialist medicinal, food ingredient, textile and other properties, and locally for a range of traditional uses. The total formal sales value of the 19 commodities currently under consideration by Namibia's Indigenous Plants Task Team is at present estimated at about N\$ 100 million (by comparison, the latest National Accounts put total agricultural GDP at some N\$ 1,500 million), while potential is conservatively forecast to be about N\$ 400 million.

A pilot project was started in the Oshikoto Region with an innovative focus on empowering community based farmer organizations to direct and coordinate the farmer support services they need. Specific objectives include the promotion of livestock production for the market and increasing the off-take, and increasing the ownership of livestock as a critical step out of poverty amongst households that have lost their livestock in the past. To improve the herd in the NCA, a bull scheme was introduced in cooperation with the Meat Board.

4.1.2.1.2 Programme 2 - Strengthening human resources & institutional capacity

Efforts are underway to reform the organisational behaviour of key role players in agricultural and rural development, including governmental and non-governmental organisations, from one that has come to be known as "silo culture" to one of coordination and collaboration. A review of the progress of NDP II has highlighted current failings, and provided the impetus for the Ministry's top management to commit to developing an integrated Programme Approach to agricultural and rural development work.

NASSP has conducted a training needs assessment and initiated a training plan for the Directorate of Planning of the MAWRD, and provides for scholarships, in-service training courses, as well as on-the-job training by its Technical Assistants and short-term consultants.

Training of 230 Community Animal Health Agents (CAHAs) and Veterinary Drug Retailers (VEDRes) so as to extend services in communal areas was conducted. Twelve Masters and two Bachelors scholarships are funded. 41 Stock Inspector Assistants to undertake a 2 year Diploma in Animal Health by distance learning are financed. Various in-service training short courses on epidemiology and pathology were conducted for veterinary staff.

4.1.2.1.3 Programme 3 - Agricultural services & strengthening of agricultural infrastructures

During the past years the MAWRD has made efforts to decentralise its services. REMP funded the construction and major extensions of 22 houses and offices and the renovations and improvements of the existing ADC's for a total of N\$ 17.1 million.

NASSP financed the construction of one quarantine camp, one auction kraal, 40 crush pens; the renovation of two quarantine farms; the establishment of a new serology laboratory unit with equipment; and equipment and materials for the establishment of the Namibian Animal Disease Information System.

4.1.2.1.4 Programme 4 - Food security & nutrition and support to marketing trade & post harvest operations

Substantial capacity has been built at all levels to enable staff to identify, plan, implement, monitor and evaluate area specific needs for chronic food insecurity. A National Insecurity and Vulnerability Information and Mapping System was established. NASSP is supporting the development of a practical plan, with clear roles and responsibilities, for management of drought emergencies. The aim is to break the "hydro-illogical cycle" which sees crisis planning and capacity building during times of drought

emergencies, the gradual dissipation of the good intentions for dealing with drought during times of good rains, leading to a repeat of the crisis come the next drought.

Namibia attaches great importance to the international regulation of agricultural trade, both as a means of ensuring the future of its exports, and of nurturing its farming enterprises for the domestic market. Yet, meaningful participation in international trade negotiations places a heavy strain on its human and financial resources. NASSP's technical assistance in the fields of international trade and domestic marketing aims to ensure that communal farmer interests are represented in international trade negotiations, that structural adjustments necessitated by new marketing and trade conditions are planned for, and that market intelligence is provided to farmers.

With the emergence of a new mahangu (pearl millet) market in the form of commercial mills, small scale surplus mahangu producers are interested in exploring this income generating opportunity. Support is being offered in the hope that the market will act as an incentive to these farmers to invest in improved production technologies and hence sustainability to increase output.

The EU F.V.O mission inspection report mentioned a number of serious short-comings which could lead to suspension of exports to the EU market. A traceability system has to be put in place. At the same time the European Union recognizes that ensuring traceability will put huge burdens on farmers, traders and administrative systems in developing countries like Namibia. NASSP has therefore provided significant support to the authorities to implement the necessary systems.

A Post Harvest Unit has been established within the Directorate of Agricultural Research & Training (DART). The staff was fully trained by NASSP technical assistance and have started to conduct loss assessments for mahangu, sorghum and maize after which improved storage structures will be recommended.

4.1.2.1.5 Programme 5 - Resource assessment, development & monitoring

The main impacts of this programme are highly dependable on the collected water resource information and the systematic water quality monitoring. The Department of Water Affairs has therefore embarked on the establishment of improved monitoring networks under integrated computerized databases; the continued data collection; the opening of a water resources website; the implementation of basin management committees with the active involvement of the stakeholders; and the conduction of studies of new water sources such as artificial recharge and desalination.

The single most significant achievement in the water sector since independence has been the promulgation of the new Water Resources Management Act, which occurred in December 2004. This sets a new framework for managing this most precious and scarce resource in Namibia.

The GRN is also negotiating with its neighbouring countries agreements to ensure access to water from the international rivers. A major landmark was reached when the Governments of the eight riparian countries of the Zambezi River came together in Kasane in Botswana to sign the Agreement on the establishment of the Zambezi Watercourse Commission (ZAMCOM).

4.1.2.1.6 Programme 6 - Community Based Management (CBM) and Rural Water Supply & Development

GRN aimed that by 2004, 80% of the rural population would have access to safe water. The target was reached with 82%. GRN has built infrastructure to increase coverage and access, ensured efficient and effective community based operation and management of payment of water supply and decentralized water supply service to regional and constituency levels. 76 new water points on pipelines covering 229,3 km and 43 new water points with other technologies on bore holes to the value of N\$ 51,3 million were constructed during 2004. These have benefited 21 000 people.

4.1.2.1.7 Programme 7 - Sustainable and participatory management of forest resources & woody vegetation

The programme planned to improve the management of key species and natural resources; to strengthen the conservancy system on communal lands by improving the natural resource base for economic development; to enhance job creation and livelihood improvement through enterprise development; and to ensure sustainable development by avoiding environmental degradation and non-sustainable use of renewable resources.

Fifteen emerging community forest have been demarcated and their boundaries surveyed and will be proclaimed as community forests in accordance with the Forest Act. Afforestation remains a key constraint and restoring the vegetation therefore a priority. 100 000 tree seedlings were planted with an average survival rate of 60%.

EC involvement has been minimal, but certain aspects of the programme could be considered for financing under the new demand-driven component of the RPRP.

4.2 Projects and programmes outside focal sectors

All the details of these projects can be found in annex 8.2.7 in the detailed project sheets.

4.2.1 Economic and Social Sectors

8 ACP TPS 154 and SA/73200 Economic Integration Support Programme (EISP) for SACU

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

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

9 ACP NAM 09 Namibia HIV/Aids Capacity Response Development (NHCRD)

4.2.2 Rural Development Sector

7 ACP NAM 08 SYSMIN

7 ACP NAM 76 Rural Town Sewerage Scheme for Karasburg

8 ACP NAM 06 Research Extension Management Programme (REMP)

8 ACP NAM 23 National 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

4.3 Utilisation of resources for non-State actors (NSA)

Over the past few years, GRN has been consulting widely with stakeholders from Civil Society through a Technical Advisory Committee on the formulation of a GRN-Civic Organisations Partnership Policy. The (draft) policy encourages active citizenship; the creation of partnership opportunities and an environment conducive to civic participation; and aims to enhance the capacity of both GRN and Civic Organisations to jointly respond to development challenges. The EC funded Capacity Building for Development Planning Programme (CBDP) has provided assistance to this process and it is anticipated that it will support its implementation once approved. A draft of the policy was presented to the National Planning Commission on 10th May 2004. Since then, the document has been revised to meet some concerns raised by the Commissioners, and stakeholders have been re-consulted. The final draft will be presented to the National Planning Commission once new members (under the new Government) have been installed, probably around April 2005, before being forwarded to Cabinet for approval.

In July 2004, NPCCS, with the support of CBDP, launched a Call for Innovative Proposals from Non State Actors. Out of the 75 proposals evaluated, eight proposals have been short listed for funding support, amounting to around N\$1.3 million. The lessons learnt will help inform further capacity building efforts

specifically geared towards support to NSAs under the CBDP programme. The EC will also make available additional funds for such interventions. In this respect, NANGOF, the Namibian NGO Forum, has been invited to make suggestions as to appropriate interventions. Such support will be instrumental in supporting their capacity to efficiently contribute to the monitoring and implementation of the education sector, the RPRP and the future programming of the EC development assistance in Namibia.

4.4 Utilisation of envelope B - ECHO

In 2004, ECHO utilised part of its 1.3 million € allocation under the Namibia B-envelope to conclude a 1 million € agreement with the International Organisation for Migration (IOM) for transport and logistics assistance for the repatriation of Angolan refugees from Namibia. The repatriation effort commenced mid-year and was suspended in late November with the start of the rainy season. Out of the 6,935 Angolan refugees to be repatriated under the operation by air from Namibia, around 1,100 refugees had been repatriated by end 2004. The contract with IOM runs out in June 2005.

4.5 Other instruments

4.5.1 Regional co-operation

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

Following an initial standstill the programme is now gaining momentum. In July 2004 a review was undertaken to appraise the feasibility for a reorientation of the programme in the face of changes in the environment, notably the coming into force of the new SACU Agreement (2002) and the establishment of institutions for a truly democratic organisation and management of the union. Further to this review, a rider to the FA organising the funding of the SACU activities through, mainly, a contribution agreement, was finalised in December 2004.

4.5.2 Community budget lines

In 2004, Namibia benefited from actions funded under 9 budget line projects in the following sectors: HIV/Aids (2 projects), rural development (2), education (1), habitat (1), human rights (1), environment (1) and capacity building (1).

While the performance of these projects was generally satisfactory and in line with national policies, some projects will require greater monitoring which will be possible through the newly devoluted structures. A main concern is the weak transfer of skills from the European NGOs to their southern counterparts that should be a main result of the cooperation strategy. Likewise, the consultation process with Delegations on the content of proposals should be strengthened to allow for greater complementarity with the CSP.

4.5.3 European Investment Bank

In the area of public sector infrastructure, the emphasis was on following up operational and sector issues related to existing projects, such as in particular the Windhoek Infrastructure II project (concerning investments in the city's electricity, water supply and waste water infrastructure), and the Nampower II project (consisting of a 400 kV transmission line to the Skorpion zinc mine and a 220 kV line from Windhoek to the West Coast). Preliminary discussions regarding the planned development of the Kudu offshore gas field and construction of a gas fired power station were initiated and EIB expressed an interest in pursuing these discussions next year with a view to a possible participation in the financing of this project.

The allocation period of the second Private Sector Development Global Loan scheme came to an end at the beginning of the year. In total, about EUR 6 million or 75% of available funds were disbursed for projects in the transport, tourism, mining, industry and manufacturing sectors; the remaining balance of EUR 2 million was cancelled. During the year, discussions were held with potential financial intermediaries regarding a possible new enhanced facility to support private sector development, which will be followed up in 2005. Discussions also progressed regarding possible EIB support for municipal infrastructure investments.

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

5.1 Updated and completed chronogram

With the adoption of the financing decision of the Rural Poverty Reduction Programme in December 2004, the only part of the portfolio that remains to be committed are related to the new supports identified during the MTR: public finance management support and support to NSAs.

5.2 Indicative timetable for commitments and disbursements until the end of 2007

With the exception of the Namibia Trade and Regional Integration Programme (9 ACP NAM 8), the 9th EDF portfolio is implemented according to the forecasts established early 2004. The NTRIP delay is caused by the fact that the international call for tender for the procurement of international technical assistance had to be cancelled due to flaws in the not enough prepared evaluation.

All individual commitments should be finalised by end-2006 and more than 80% of the disbursements carried out by end 2007.

5.3 Situation on closing down old projects and contracts

The current programming of EC support amounts to 96.01 million €, to the very large extent covered by the 94.43 million € allocation of the 9th EDF A envelope. In order to fund the ‘over-programming’ of 1.58 million €, unutilised funds from old projects and contracts is paramount. The process of closing global commitments to free a RAC amounting to 930,000 € has started in 2004. In order to release enough funds additional processing needs to take place regarding individual commitments as well; some of it is related to GTZ contracts to be handled by AIDCO.

5.4 Preparatory work in view of the preparation of the next programming cycle

The most important element will be the necessary improved level of involvement of the NSAs in the process. Through several of the current interventions, better contacts have been established. Together with increased awareness and capacity, partly acquired through the programmes supporting them, NSAs have gained representativeness and credibility vis-à-vis the NAO and the Delegation.

The experience gained in Namibia for sector budget support (SBS) programmes (education and public finance management), will also pave the way for possibly more SBS interventions. But important support will be needed to establish the necessary monitoring and evaluation (M&E) frameworks paramount for budget support. The extent to which GRN has the capacity to establish and develop reliable M&E systems remains to be assessed. The main obstacle will be the weakness of the Central Statistical Bureau, for which specific support should be envisaged, based on a feasibility study to be carried out during the programming of the next cycle. It cannot be excluded that initial support of a more “project mode” could be designed to quick-start the preparation for several SBS’.

The M&E framework proposed within the PFM support programme should provide the EC and the NAO the additional macro-economic, public finance management and fiduciary risk background information that will be required to assess the possibility to extent SBS to additional sectors. This should include an assessment on how GRN prioritise the budget and public expenditure execution.

The Health sector and more specifically HIV/Aids is a strong candidate for greater co-ordination of the development partners’ intervention. Namibia is the world greatest per capita receiver of grants for the fight against HIV/Aids, but no sector wide approach is in place. Discussions are taking place among the development partners and with MoHSS in that regard, but lots remain to be done.

Further studies will be required to identify how EC support could contribute to the fight against unemployment that is the most important threat for the development of Namibia and its political stability. Several initiatives are taking place, both for improving human resources development and for improving access to economic empowerment for the previously disadvantaged communities, but often in an uncoordinated manner ignoring the financial sector. In spite of being over liquid the commercial banks in Namibia are amongst the most risk adverse worldwide.

6.1 Dialogue in country with the NAO and NSAs

Regular meetings are taking place between the Delegation and the NAO at different levels.

The verification mission following the devolution of the Delegation in August 2004 indicated the necessity to build the capacity of the NAO to fulfil its responsibilities according to Article 35 of the Cotonou Partnership Agreement. A dialogue has taken place in order to re-focus the components of the Capacity Building for Development Planning Programme (CBDP) in order to fund the necessary changes of organisation, staffing and training of the NAO staff.

Through the CBDP, the EC and the NAO have launched a call for innovative proposals for NSAs. The proposals evaluated in 2005 were of very poor quality and emphasised the lack of capacity of the NSAs to efficiently contribute to the dialogue proposed by GRN, but also by the EC Delegation in the framework of Cotonou. Initially, NPC expected to launch further similar initiatives and fund more of these proposals, but it became obvious that funding should be rather used to improve the institutional capacity of the NGO Forum to support and develop its members. In this respect NANGOF has been invited to make suggestions as to appropriate interventions.

6.2 Donor co-ordination

Regular meetings of Heads of Cooperation from EU Member States and the Commission are taking place. In addition to exchange of information on the respective portfolios, these meetings are also preparing joint and co-ordinated interventions, mainly in the Education sector and in HIV/Aids. HoC do also draft common documents related to the state of development of the country.

At the initiative of the Delegation the development co-operation partners in the private sector development and trade field met in December 2004. The Ministry of Trade and Industry hosted the meeting, and it was agreed that such meetings should be held on a quarterly basis. The purpose of the meetings would be to exchange information on ongoing and planned programmes in the sector. To make the meetings more worthwhile, the members would take turns in presenting or organising a presentation on topics of mutual interest. The Delegation offered to hold such a meeting on the EPA process, which was welcomed.

The Delegation continued to lead the Development Partner Coordination Group (DPCG) in the education sector, in which DPs come together as a group to discuss sector level issues, particularly linked to the ESPAG/JAR schedule.

Other donors present in Namibia are mainly the numerous UN agencies and USAID. Regular meetings are taking place and these agencies are regularly invited by GRN, but also within the existing development partners forum to co-ordinate their interventions, including with the EU. Their operational modalities and constraints are very often too specific to allow them to actively contribute to initiatives aiming at greater co-ordination and synergies.

7 CONCLUSIONS

7.1 Key political, economic and social developments in 2004

At the 15-16 November presidential elections, Hifikepunye Pohamba was elected with 76 % of the votes; he took over from Dr. Sam Nujoma who ruled the country since independence in 1990. In the simultaneous election for the National Assembly, SWAPO retained its two-third majority. The seven opposition parties that contested the elections won an unchanged 17 seats, outside SWAPO's north-central Oshivambo-speaking heartland.

In February 2004, the Prime Minister, Theo-Ben Gurirab, announced that in order to acquire more land for resettlement the "willing buyer-willing seller" policy would be complemented by expropriation with fair compensation "in the public interest". However, he indicated that this would be a targeted exercise involving a limited number of farms, including those in particular where the white owners had summarily dismissed black farm workers. The lands, resettlement and rehabilitation Minister Hifikepunye Pohamba told the National Assembly that government would target farms "not made available" through willing buyer-willing seller, in strict accordance with the Constitution, with compensation being offered to farm owners. This would apply to over 95% of Namibia's 6,000 mainly livestock-rearing commercial farms. In northern Namibia, where half the population resides and rainfall is generally higher, traditional chiefs mainly allocate land and government has still to increase efforts to promote genuine reforms, leaving most communal crop farmers short of suitable land.

Mid 2004, Government had assigned a Permanent Technical Team (PTT) to review the land reform process so far and to work out a comprehensive action plan. The PTT report was finalised in November 2004 and awaits approval by the Cabinet.

As for rule of law and governance, the corruption perception index of Transparency International has fallen to 4.1 in 2004 compared to 4.7 in 2003.²³ But it still rates Namibia at 54 out of 154 countries in 2004 down from 42 out of 133 countries in 2003.²⁴ The *Guide to Namibian Politics* published by IPPR and Namibia Institute for Democracy report that "many political parties refer to the problem of corruption", and state the problem of underpaid police officers, who are as a result driven to corruptive activities. Prisons continue to remain overcrowded and of poor maintenance, however unlike in previous years, there are no serious reports of police abuse and torture.

Namibia suffers a severe disparity in allocation of resources between the rich and poor. UNDP HDI inequality measures position Namibia at 126 out of 177 countries in 2004, down from 124 in 2001.²⁵ With a Gini-coefficient of 70.7 and the disparity between the rich and poor at 128.8 % (richest 10% and poorest 10%, ratio of the consumption or income share of the richest group to that of the poorest) makes Namibia one of the less egalitarian country in the World. This discrepancy in ranking between income and human development is embedded in and a reflection of the country's past and is characterised by the fact that the richest 5% of the Namibians control more than 70% of GDP while the poorest 55% control only 3% of GDP.

On average, GDP grew by 3.1 % between 2000 and 2002. The growth rate in 2004 (estimated at 3.5 %) was slightly above the rate of 3.1 % projected in the Medium Term Expenditure Framework 2003/04 – 2005/06. These GDP growth rates are considerably below the 4.3 % target set for the NDP2 period. This reflects the economy's vulnerability to external shocks such as unfavourable weather conditions, exchange rate developments, and commodity demand and prices in the international markets. The Namibian economy is forecast to grow on average by 3.6 % in 2005. Good performance is projected across all industries with the exception of agriculture. The below target growth reinforces the conclusions

²³ where 10 is "highly clean" and 0 is "highly corrupt"

²⁴ 1 = least corrupt, 146 = most corrupt. The surveys reflect the perceptions of business people, academics and country analysts.

²⁵ 1=most developed, 177= least developed. The Human Development Index (HDI) measures a country's achievements in three aspects of human development: longevity, knowledge and a decent standard of living. Longevity is measured by life expectancy at birth; knowledge is measured by a combination of the adult literacy rate and the combined gross primary, secondary, and tertiary enrolment ratio; and standard of living, as measured by GDP per capita.

of most economic analyses that major efforts have to be undertaken to diversify the economy and create more investment opportunities in productive sectors of the economy, in order to address the economy's inability to create employment.

The average annual inflation rate in 2004 to 3.9 %, down from 7.2 % in 2003. Namibia's monetary policy is effectively determined by the South African Reserve Bank's (SARB) policy stance. The Namibian dollar is pegged at par with the South African rand due to the country's Common Monetary Area (CMA) membership. Also, some 80 % of Namibia's imports are sourced from South Africa. These two factors account for the fact that Namibia's inflation rate follows similar trends to South Africa's interest rates. But these rates in Namibia have been maintained at levels above those in South Africa to prevent an outflow of funds to the latter.

Namibia has continued to pursue its policy to broaden and deepen duty free access to EU markets for Namibian agriculture products that meet SPS standards. The exports that were temporarily suspended as a result of an inspection by EU Veterinary services were re-opened in December 2003.

With the coming into force of the new SACU Agreement (2002) on 15 July 2004, all Member States have agreed to undertake any trade negotiations jointly, or at the least obtain the consent of the other Member States before negotiating and entering into, or amending existing agreement with third parties. SACU is involved in trade negotiations with the United States and EFTA. A Free Trade Agreement was concluded with MERCOSUR in 2004, and during 2005 negotiations will be initiated with India and China. The SACU Secretariat was established in Windhoek in 2004.

Namibia negotiates EPA under the EU-SADC EPA grouping, which also includes Angola, Botswana, Lesotho, Mozambique, Swaziland and Tanzania²⁶. South Africa participates as an observer. The negotiations were launched in Windhoek in July 2004.

Finance Minister Saara Kuugongelwa-Amadhila's first full national budget for 2004/05 focused on technocratic issues concerning the budget process, debt management and some minor tax changes as well as to hammer home the message that greater fiscal discipline is needed.

The budget deficits for the MTEF 04/05-06/07 announced are the lowest forecast deficits since the MTEF began in 2001. The Ministry of Finance expected overall spending to increase by 3.7%. There are some striking changes in proportions allocated to certain votes. The Office of the President has doubled its share of the budget. The shares allocated to the National Assembly and the Auditor General have doubled. The shares allocated to Civic Affairs and Police have increased: the latter due mostly to greater spending on the Special Field Force. Defence has received a steadily larger share of the budget and looks set to receive more still into 2006/07. The share allocated to the Ministry of Finance has more than doubled while the share allocated to the Ministry of Basic Education has fallen considerably. Health and Social Services, Labour, Mines and Energy, Justice, Regional and Local Government, Environment and Tourism, Agriculture, Lands, and Information and Broadcasting have received steadily smaller proportions since 1995/96. Works and Transport receive far less, partly as a result of the commercialisation process.

7.2 Progress achieved in poverty reduction

The most recent figures show that the richest 7,000 people spend as much as the 800,000 poorest: this makes Namibia one of the most unequal countries in the world; 35% of the population lives with less than one US\$ a day, whereas 56% do it with less than two. Eighty-five per cent of poor households are located in rural areas, making their living from subsistence farming. The gap between average rural and urban incomes, and the perception of better opportunities in urban areas, fuels emigration from rural areas to the country's major cities, which in turn increases urban poverty as well. Poverty is higher among historically and traditionally disadvantaged groups. For example, the per capita income in a household

²⁶ The remaining SADC Member States, i e DRC, Malawi, Mauritius, Zambia, Zimbabwe

where the mother tongue is German is 23 times higher than in a household where the main language is San.

The Namibia 2004 MDG Report highlights that the country has been making good progress towards the goals for universal primary education. However there remain significant challenges to the sector and a more nuanced view is needed especially in terms of the quality and equity of provision, as well as looking beyond primary to secondary, tertiary and pre-primary provision.

Education has been a development priority since independence, consuming around 25% of total Government expenditure, or 9% of GDP. This illustrates Government's commitment to the sector. However, with the clear problems in the quality and equity of the system, there are a number of critical concerns over both the effectiveness and sustainability of spending on education.

To measure the reduction in children mortality, 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 of malnourishment for children. There is no data available for under-five mortality. Progress on the proportion of one-year old children immunised against measles has been good although not continuously. Indeed, the average coverage of measles vaccinations in the years between 1992 and 2000 was 67%.

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. HIV/Aids is assumed to be a major factor contributing to increased maternal mortality.

The HIV prevalence rates have steadily been increasing in Namibia until year 2004 when the latest Sentinel Zero Survey results showed, for the first time since the start of the epidemic, a decrease. Although the data included for year 2004 is still provisional, it is encouraging to note a drop in prevalence among the youngest sexually active group (20-24 year old). Progress towards the MDG is still poor and increased efforts to combat HIV/Aids are called for.

The progress measured by the proportion of population with access to safe drinking water towards the MDG is good with the target for year 2006 achieved or exceeded - as in the case of access by urban populations to safe drinking water - in year 2001. However, it should be noted that significant regional inequalities still exist in this regard.

7.3 Results and activities in focal sectors and relevant programmes

Donor co-ordination with development partners (member states, other bilateral and multilateral and NSA) takes place under the chairmanship of Government, other partners and institutions or the Delegation.

7.3.1 Education Sector

Significant progress has been made in establishing an education sector wide approach. At the September 2004 JAR, GRN presented its performance report, the first of its kind to focus on sector performance and outcomes, rather than inputs and activities.

The Development Partners were satisfied with the assessment made of sector performance. Government has highlighted the problems being faced and the generally poor performance in terms of quality and equity in the system. The assessment set out during the 2004 JAR can be seen as a baseline for future reviews, with the caveat that more up to date information is required.

Access to primary and secondary education remains on track to achieve Namibia's goal of Primary NER 94% by 2006. Through the introduction of staffing norms, the Ministry of Basic Education, Sport and Culture (MBESC) aims at increasing the **efficiency of education service delivery**. Slow but steady progress is being made towards this target. Proposals are being considered to raise the staffing norms further to achieve greater savings. There are also some efforts underway to clean the payroll to eliminate wastage.

The internal efficiency of the system raises questions about the quality and effectiveness of schooling with high levels of grade repetition despite a policy of semi-automatic promotion. However, survival

rates do seem encouraging, at around 82% for primary school. The number of qualified teachers has increased to over 45% in 2002. However, geographical differences remain important (31% in Rundu and 76% in Khomas). A Southern African Consortium for Education Quality (SACMEQ) study reveals very poor quality of learning in primary schools (bottom of 15 countries in mathematics and science).

While the numbers of students attending vocational training have slightly increased, according to most analysis supply does not meet overall demand. There has been a gradual improvement in the trainee performance in external tests/examinations over recent years. However, performance is still poor on average: more than half of the candidates fail the trade tests and only just over half (52%) pass the commercial courses offered by Pitman and City and Guilds.

From this brief assessment of results in the sector, and from the more in depth analytical work now available, it is clear that while some areas of progress can be highlighted, overall sector performance continues to be poor. In particular the poor learning outcomes and the continued inequity of the system are major concerns.

A Government led process of sector coordination has made progress during the last year, with the ESPAG and JAR becoming an established focus for sector dialogue. Furthermore, the work done on the ETSIP, as a comprehensive sector programme represents a significant development towards a more coordinated approach, which can form the basis for improved sector dialogue and coordination.

7.3.2 Rural Development Sector

Given the relatively small domestic Namibian market, efforts have been made to ensure that Namibian farmers in general continue to have uninterrupted access to competitive international markets for both animals and animal products as well as crops. In spite of dire financial and human constraints, and taking into account the nature and scope of Free Trade Agreements and the critically important long term effect on the country and its economy, the GRN has actively participated in trade negotiations between SACU and various countries, including the USA, EFTA, MERCOSUR & the EU, as a member of the Namibian Permanent Negotiating Team.

The livestock sector received special attention during this year. The general health status of the animals in the country was successfully maintained through continued vaccinations campaigns against major diseases and strict monitoring of the abattoirs to ensure standards compliance. Cross-border negotiations continued to harmonize disease control procedures along the borders while the translocation of the veterinary cordon fence (VCF) to the Namibian/Angolan border receives the highest priority to enable northern communal farmers access to international markets.

Crops and plants with a comparative advantage like grapes, dates, etc. are planted under the new Green Scheme system that facilitates the operations of irrigation projects. Value addition activities to indigenous plants to broaden the income of the rural population are supported. Devil's claw, Kalahari melons seeds, Hoodia, marula kernels, etc. are plants with potential for processing to teas, body creams and oils, appetite depressants, etc.

The Forestry Policy has been translated into the local languages to educate the public while a Forest and Veld Fire Management Policy was also finalised and implemented. Selected Strategic Forest Areas were surveyed and demarcated and Community Based Forest Management Committees were established to look after 1.1 million hectares of community forests.

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 European Commission is committed to assist Namibia in pursuing these policies through the support to the new Rural Poverty Reduction Programme (RPRP) for which a financing agreement with a total value of Euro 53 million was signed.

The new programme's results will include: efficient institutional structures in place for planning and managing the Poverty Reduction Strategy; enhanced capacity and complementary interventions to effect the land reform in a sustainable manner; improved market and service access and improved access to safe

water for selected rural communities; enhanced on-and off-farm income-generation, and increased access to rural finance.

7.4 Key perspectives for the future

The future of the implementation of the EDF support to Namibia is on track. The options and essential objective identified in the CSP and NIP have been reconfirmed during the MTR. Additional opportunities remain to be finalised in public finance management and in the support to NSA.

During 2004, the emphasis of the Delegation's work was on execution of the on going programmes as well as the preparation of the MTR and new projects. It was agreed with the NAO to start the procedures of programming of the next programme cycle end of 2005 or early 2006.

7.5 Efforts undertaken

The Delegation and the NAO have strengthened their co-operation in the identification and the formulation phase of the programme cycle. During implementation the capacity of the NAO remains limited. It is likely that the mid-term review of the Capacity Building for Development Planning (CBDP) programme (8 ACP NAM 32) to be carried out in the second quarter of 2005, will have to address the possibility to re-focus the programme on additional and mainstreamed support for the NAO, although by integrating specific NAO training/activities into the wider responsibilities of NPCCS.

7.6 Use of EDF resources

FINANCIAL SITUATION FOR 7 EDF

(amounts in  )

EDF No.	PROJECT	Global Commit.	Indiv. Commit.	% Commit.	Disbursed	% Disb.
7 ACP NAM 14	NAMIBIA INTEGRATED HEALTH PROGRAMME	12'110'000	12'099'919	99.92%	12'099'919	100.00%
7 ACP NAM 76	RURAL TOWN SEWERAGE SCHEME - KARASBURG	1'550'000	1'380'300	89.05%	1'343'994	97.37%
7 ACP RPR 528	SUPPORT IMPLEMENTATION CROSS BORDER INITIATIVES (+7NAM54)	4'000'000	3'775'062	94.38%	3'775'062	100.00%
SUM		17'660'000	17'255'281	97.71%	17'218'975	99.79%

FINANCIAL SITUATION FOR 8 EDF

(amounts in  )

EDF No.	PROJECT	Global Commit.	Indiv. Commit.	% Commit.	Disbursed	% Disb.
8 ACP NAM 1	NAMIBIA TOURISM DEVELOPMENT PROGRAMME/DEV. PHASE (+ 7NAM034)	7'200'000	7'017'534	97.47%	5'815'749	82.87%
8 ACP NAM 2	NAMIBIA EDUCATION & TRAINING PROGRAMME	13'000'000	12'870'840	99.01%	12'870'840	100.00%
8 ACP NAM 4	SADC REGIONAL MONIT.-CONTROL-SURVEILL. OF FISHING+8RAU001	840'000	749'224	89.19%	562'734	75.11%
8 ACP NAM 6	RESEARCH EXTENSION MANAGEMENT PROGRAMME (REMP)	7'450'000	7'308'120	98.10%	7'082'722	96.92%
8 ACP NAM 9	TRADE & INVESTMENT DEVELOPMENT PROGRAMME (TIDP)	3'600'000	3'422'778	95.08%	3'416'656	99.82%
8 ACP NAM 11	SUPPORT FOR STD AND HIV/AIDS ACTIVITIES IN NAMIBIA	1'350'000	1'347'970	99.85%	1'290'156	95.71%
8 ACP NAM 17	MULTIANNUAL MICROPROJECTS PROGRAMME NAMIBIA	4'000'000	3'904'404	97.61%	3'904'404	100.00%
8 ACP NAM 23	NATIONAL AGRICULTURAL SERVICES SUPPORT PROGRAMME	6'000'000	5'658'879	94.31%	2'563'400	45.30%
8 ACP NAM 24	UPGRADING NAMIBIAN MARITIME & FISHERIES INSTITUTE AT WALVIS	1'900'000	1'791'756	94.30%	1'517'786	84.71%
8 ACP NAM 25	SOCIO-ECONOMIC INTEGRATION OF EX-COMBATANTS	1'242'000	1'175'625	94.66%	1'117'938	95.09%
8 ACP NAM 26	Nampower ii (21290)	6'815'000	6'815'000	100.00%	5'537'736	81.26%
8 ACP NAM 30	TECHNICAL ASSISTANCE TO NAO-RURAL PROFILE STRATEGIC FRAMEWO	185'000	157'494	85.13%	157'494	100.00%
8 ACP NAM 31	CAPACITY BUILDING FOR DEVELOPMENT PLANNING	3'200'000	2'557'859	79.93%	1'126'195	44.03%
8 ACP NAM 32	FEASIBILITY STUDY FOR THE RURAL DEVELOPMENT PROGRAMME IN NAM	300'000	224'183	74.73%	224'183	100.00%
8 ACP RAU 1	SADC REGIONAL MONIT.-CONTROL-SURVEILL. OF FISHING (+8NAM004)	5'740'000	5'580'108	97.21%	4'449'726	79.74%
8 ACP TPS 154	ECONOMIC INTEGRATION SUPPORT PROGRAMME TO THE BLNS - PHASE I	3'000'000	94'625	3.15%	17'152	18.13%
SUM		65'822'000	60'676'399	92.18%	51'654'872	85.13%

FINANCIAL SITUATION FOR 9 EDF

(amounts in  )

EDF No.	PROJECT	Global Commit.	Indiv. Commit.	% Commit.	Disbursed	% Disb.
9 ACP NAM 2	NAMIBIA EDUCATION SECTOR PROGRAMME (ESP) 2003-2007	21'000'000	21'000'000	100.00%	8'500'000	40.48%
9 ACP NAM 3	RIDER 2 : SUPPORT TO STD AND HIV ACTIVITIES (8 ACP NAM 11)	200'000	200'000	100.00%	140'265	70.13%
9 ACP NAM 4	TECHNICAL ASSISTANCE TO NAO - RURAL PROFILE STRATEGIC FRAMEW	107'000	107'000	100.00%	84'463	78.94%
9 ACP NAM 5	RURAL TOWN SEWERAGE SCHEME - LUDERITZ	3'500'000	0	0.00%	0	0.00%
9 ACP NAM 6	DESIGN & PREP. TENDER DOCUMENTS - WATER RECL. PLANT LUDERITZ	150'000	132'000	88.00%	44'985	34.08%
9 ACP NAM 7	TECHNICAL COOPERATION FACILITY	2'000'000	222'203	11.11%	82'944	37.33%
9 ACP NAM 8	NAMIBIA TRADE AND REGIONAL INTEGRATION PROGRAMME (NTRIP)	3'000'000	0	0.00%	0	0.00%
9 ACP NAM 9	HIV/AIDS RESPONSE CAPACITY DEVELOPMENT PROGRAMME (HRCDP)	3'200'000	1'400'000	43.75%	0	0.00%
9 ACP NAM 10	AUGMENTATION DE PLAFOND DU PROJET 7 ACP NAM 76	310'000	201'000	64.84%	207'532	103.25%
9 ACP NAM 11	ECHO/NAM/EDF/2004/01000 HUMANITARIAN AID TO FACILITATE THE R	1'000'000	1'000'000	100.00%	800'000	80.00%
9 ACP NAM 12	RURAL POVERTY REDUCTION PROGRAMME	53'000'000	0	0.00%	0	0.00%
SUM		87'467'000	24'262'203	27.74%	9'860'189	40.64%

The Delegations continues its efforts to close projects in order to allow a decommitment of funds. This is specially important in order to permit the use of these funds for the two programmes in preparation, namely the Public Finance Management Support Programme and the support to NSA.

7.7 Refinement of indicators to measure performance in focal sectors

7.7.1 Education

The third tranche of budget support is due with the next financial year, from April 2005. The ESPAG meeting held in December 2004 did not receive a progress update on the implementation of the Action Plan. The report made to the 2004 JAR highlighted relatively slow progress against the Action Plan. It was recorded in the Review Aide Memoire that while the Action Plan matrix is a useful instrument to measure progress in the implementation of agreed actions, the Policy Matrix should be revised to set out policy priorities for the ETSIP and the year on year actions that will implement these policies. This will then be a far more useful instrument for progress monitoring and for strategic dialogue on sector improvement.

The presentation of medium term expenditure plans for the sector will also be a key trigger for the release of this third tranche of support. The development of ETSIP and the sector expenditure strategy should give much needed substance to the MTPs. Reporting on the MTPs in the 2004 JAR Report reflects the current lack of coherence within and between these programmes.

7.7.2 Rural Development

Detailed national indicators are provided in the Annexes under paragraph 8.1.1.2. National indicators are widely agreed upon, and monitored by the NPCCS in the framework of the UNDP-supported Poverty Monitoring System. More indicators will be regionally disintegrated and output indicators, including clear targets, will be developed through the new Poverty Reduction Unit within the NPCCS. This unit will receive extensive capacity building through the new Rural Poverty Reduction Programme's technical assistance. Monitoring has been identified as a weakness in the national response to poverty.

The agreed core indicators are the Human Poverty Index, Poverty Severity Index and Poverty Gap Ratio, respectively. A core indicator at the result level is the rural unemployment rate and rural income. Initial baseline data for these indicators are available from 2001 Census and the regular Namibia Labour Force Survey. Baseline data for the HPI are published by UNDP and baseline data for the three consumption-based poverty indicators come from the 1993/94 National Household Income and Expenditure Survey. A new survey is currently being conducted and will provide an up-to-date baseline for the indicators. Sources of verification will include the Poverty M&E Databank, reports and specific studies.

7.8 Dialogue with NSAs

Through the CBDP, the EC and the NAO have launched a call for innovative proposals for NSAs. The proposals evaluated in 2005 were of very poor quality and emphasised the lack of capacity of the NSAs to efficiently contribute to the dialogue proposed by GRN, but also by the EC Delegation in the framework of Cotonou.

Initially, NPCCS expected to launch further similar initiatives and fund more of these proposals, but it became obvious that funding should be rather used to improve the institutional capacity of the NGO Forum to support and develop its member. In this respect NANGOF has been invited to make suggestions as to appropriate interventions.

8 ANNEXES

8.1 Annexes with a prospective character (updated)

8.1.1 Intervention framework including an overview of policy measures and indicators

8.1.1.1 Education

Type	Indicator	Measure of:	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Actual/Est. 2003	Target 2004	Target 2005	Target 2006
input	1. Education spending as % of TGE	efficiency	24.0	23.3	21.3	21.0	20.3 ²⁷	20.8	20.6	
input	2. Education spending as % of GDP	efficiency	9.0	8.0	8.1	6.9	7.2 ²⁸	6.6	6.1	
input	3. Spending by sub-sector							Relative increase in secondary spend		
	Admin	equity/	10%	10%	10%	11%	11%	10	10	9
	Primary	efficiency	48%	48%	47%	49%	50%	49	49	50
	Secondary		23%	23%	21%	19%	19%	20	21	22
	Tertiary		15%	15%	17%	17%	17%	17	16	15
	Non-formal		4%	4%	4%	4%	4%	4	4	4
input	4. Average unit cost (N\$)	equity						Cost recovery at tertiary level		
	per primary learner	efficiency	2 263	2 319	2 456	2 810	2 983			3 000
	per secondary learner		3 479	3 479	3 147	3 510	3 466			4 000
	per UNAM student (subsidies)		24 350	17 450	18 000	14 760				12 000
input	5. Share of recurrent on <i>Goods and Services</i> (quality improvement)	efficiency/	11.9%	13.8%	14.6%	13.3%		Relative increase in quality spending		
		quality						14	14.5	15
input	6. Non teaching staff share of total education sector workforce	efficiency						More efficient education system		
input	7. Learner-teacher ratio. ²⁹	equity /	29.0	29.1	29.2	29.0	30.6	Efficiency saving in use of staff		
	total	efficiency	31.4	31.5	31.5	31.0	32	pr: 35 ³⁰	pr: 38	pr: 40
	primary		23.6	24.0	24.3	24.7	25	sec: 30	sec: 31	sec: 33
	secondary									
input	8. Learner : textbook ratio. ³¹	quality					N/A	Core texts available to all students		
	primary									1:3
	secondary									1:2
input	9. % of schools with HIV and AIDS counselling support group	hiv-aids	10.7%	15.2%	19.4%	37.9%	56%	Students & teachers supported		
		quality						75%	90%	100%
input	10. Tertiary registration (all years)	access						Expand to meet manpower needs		

²⁷ Data for 2004/5 – 2005/6 from MTEF (actuals may be less)

²⁸ Data for 2003/4 – 2005/6 from MTEF (actuals may be less)

²⁹ Expand to show by urban, semi-urban, rural, rural-poor

³⁰ Staffing norms for all regions set to reach 35 (primary), 30 (secondary) by 2004 – norms could be adjusted upwards to produce greater savings

³¹ Alternatively, use % of recurrent spending on teaching materials (including books)

Type	Indicator	Measure of:	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Actual/Est. 2003	Target 2004	Target 2005	Target 2006
								2 800	2 900	3 000
								2 400	2 400	2 400
								4 500	4 600	4 700
								5 000	5 100	5 200
								1 000	1 000	1 000
input (BE) output (HE)	11. Qualified primary teachers	total male female	equity/ quality	29.4% 27.1% 30.5%	36.1% 34.9% 36.7%	41.1% 40.7% 41.2%	45.1% 45.1% 45.1%	Fully qualified teaching force by 2014		
								Total 51%	Total 55%	Total 60%
output	12. Transition rates	G7 to G8 G10 to G11	access	93.4% 52.4%	101.6% 54.2%	98.2% 58.9%	N/A	N/A	UBE by 2015; improved sen. sec enr.	
								99	99.5	100
								62	66	70
output	13. % JSC candidates achieving	23+ points 27+ points	quality		45.12% 25.50%	46.04% 27.07%	45.38% 27.04%	44.28% 26.56%	Improved student performance	
								46	48	50
								27	29	30
output	14. IGCSE pass rate at Grade C or above in all subjects		quality	18.75%	19.78%	19.45%	19.40%	20.15%	Improved student performance	
								21	22	24
	15. Ungraded IGCSE (4 core subjects)		quality	13.9%	15.0%	16.0%	14.6%	12.4%	Improved student performance	
								11	9	[NDP2] 8
output	16. Pass rate at VTCs. ³²	Level 2 Level 4	quality/ efficiency	40.2% 55.0%	n/a	48.9% 61.1%	49.2% 60.6%	53.3% 51.7%	Improved student performance	
								60	63	65
output	17. Tertiary graduates (various awards). ³³	VTC (Level 2 + Level 4) Teacher education (BETD) PoN (NCert, NHC, NDip, BTech) UNAM (Bachelors, Masters, Diploma) Other	quality	182 717 993 719 n/a	n/a 678 993 798 n/a	370 657 n/a 1003 n/a	292 660 881 1045 n/a	465 624 n/a n/a n/a	Improved through-put of graduates	
								500	550	600
								700	725	750
								1000	1100	1200
								1100	1200	1500
								500	550	600
output	18. Literacy rate of 15-24 yr olds. ³⁴		efficiency/ quality			89.5%. ³⁵			Literate youth population	
								91	93	95
outcome	19. Net enrolment ratio (%)	Primary G1-G7 Secondary G8-G12	equity/ access	92.9 41.3	91.3 45.4	91.7 45.97	93.7 48.2		UBE by 2015	
								93.8	93.9	[NDP2] 94.0
								50	52	55
outcome	20. Gross enrolment ratio (%)	Primary G1-G7 Secondary G8-G12	equity/ access	123.4 61.0	119.4 64.1	118.1 63.7	118.5 66.1		Children of correct age in schools	
								115	110	105
								68	70	70
outcome	21. Ratio female to male	primary secondary tertiary	equity/ access		100 112 88	100 113 99	100 113 97	102	Gender equity	
									100(all areas)	
outcome	22. Survival rate to Primary G7	total male	access	82% 80%	82% 79%	85% 82%			All students complete primary school	

³² Pending more comprehensive collection of data on VTCs by MHETEC & NTA

³³ Important to link this to tracer/sample studies on graduate employment

³⁴ Various literacy rates are available (e.g. national 3-stage literacy programme where candidates) but validity/reliability are questionable

³⁵ Tests are yet to be developed/applied. The 2001 literacy rate here is based on rate captured in the 2001 Population and Housing Census (validity/reliability?).

Type	Indicator	Measure of:	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Actual/Est. 2003	Target 2004	Target 2005	Target 2006
								87 (m 84, f 90)	88 (m 85, f 91)	89 (m 87, f 91)
outcome	23. Adult literacy rate (15+)	total urban rural			81.3% 90.7% 75.6%			Literate population		
								82%	83%	[NDP2] 84%
outcome	24. Survival rate to G5. ³⁶	total male female	92% 92% 93%	94% 93% 95%	93% 92% 95%			All school leavers functionally literate		
								97 (all areas)	97.5 (all areas)	98 (all areas)
								97 (all areas)	97.5 (all areas)	98 (all areas)

³⁶ Used as proxy for functional literacy

8.1.1.2 Rural Poverty Reduction Support Programme

Indicator	Unit of measure	Measures – data					
		2002/2003 actual	2003/2004 actual	2004 / 2005 forecast	2005/ 2006 forecast	2006 / 2007 forecast	2007 / 2008 forecast
Objective 1 : To sustain agricultural and water resources							
Column 2- measure 1 % water basin management plans operationally active	Number	3	4	5	5	5	5
Column 2- measure 2 Water loss from reticulation system	%	50	45	35	30	25	20
Column 2- measure 3 % cost recovery	%	30	35	40	50	60	75
Column 3- measure 1 Ratio of consumption to replenishment rate	%	150	145	140	130	120	110
Column 3- measure 2 Hectares of land degraded	Ha	18	16	15	14	14	12
Column 5- measure 1 Water demand forecast accuracy after adjustment for rainfall	%	25	30	35	40	45	50
Column 5- measure 2 % of water loss between bulk supplier and user	%	30	25	22	16	16	10
Column 5- measure 3 % compliance to water abstraction license inspection programme	%	10	20	25	60	70	80
Column 6- measure 1 Area of land overgrazed by region	%	55	50	45	40	35	30
Column 6- measure 2 Mapping / imaging % completion of scheduled coverage (including correlation)	%	25	30	35	40	45	50
Column 6- measure 3 Compliance with exploration borehole schedule	%	80	82	84	86	88	90
Column 6- measure 4 Unit cost of exploratory boreholes	N\$	130 000	150 000	160 000	175 000	185 000	190 000
Column 6- measure 5 Age of defaults to provide water management plan	Years	3	2	1	0	0	0
Column 6- measure 6 % unused capacity in aquifers by catchment area	%	60	60	60	55	55	50
Column 6- measure 7 % adherence to water saving programme	no measure		in place	from	ministerial	level	
Column 6- measure 8 Water resource data older than 3 months	%	92	90	75	60	50	40
Column 6- measure 9 % water data checks on contractor work failed	%	10	7	5	3	2	1
Column 6- measure 10 Ratio: Irrigation / total water supply level	%	70	70	70	70	70	70
Column 6- measure 11 Unit cost water abstraction license	N\$	0	100	300	500	500	600
Column 6- measure 12 Backlog of water abstraction license applications	Months	2	2	1 ½	1	<1	<1
Column 6- measure 13 Accuracy of regulatory returns	% deviation	80	10	5	5	5	<5
Column 6- measure 14 % regulatory returns overdue	%	20	10	5	5	5	<5
Objective 2 : To improve levels of household food security and nutrition nationally							
Column 2 - measure 1 FSRE / farmer ration (<1:3000)	Ratio	1300	1900	2600	2400	2200	2 100
Column 2 - measure 2 No of established FSRE units	No.	6	7	8	9	11	13
Column 2 - measure 3 Agricultural web site hit analysis	No	0	15	20	30	40	60
Column 2- measure 4 % of communal farmers in receipt of timely information	%	0	15	20	25	30	45
Column 2- measure 5 % public provided services decentralised	%	100	100	100	100	100	100
Column 2- measure 6 Farmer satisfaction with publicly provided services	%	10	15	20	25	30	40
Column 2- measure 7 Index of household assets to inflation	Index	NPC is	still conduct	NHIES	Data will	available	2005/06
Column 2- measure 8 Stockpile size months supply (grain)	Months	7.1	7.5	4.5	4.5	4.5	4.5
Column 2- measure 9 Fodder reserves – monthly supply)	Months	Not	known	yet	2	2	3
Column 3- measure 1 Tonnes of emergency food aid	Tons	23 874	57 958	63 754	70 130	77 143	84 857
Column 3- measure 2 Staple food—relative price movement to generate inflation	Index	195.1	Not yet	Available	-	-	-
Column 3- measure 3 Size of staple crop	Tons	70 000	72 000	75 000	78 000	85 800	94 380
Column 3- measure 4 Size of national herd	Equ.LSmm	6	6	6	6	6	6

Indicator	Unit of measure	Measures – data					
		2002/2003 actual	2003/2004 actual	2004 / 2005 forecast	2005/ 2006 forecast	2006 / 2007 forecast	2007 / 2008 forecast
Column 3- measure 5 % of vaccination coverage for scheduled disease	Doses %	80	80	80	80	80	80
Column 3- measure 6 Under nutrition, stunting and wasting levels	%	65	65	70	72	75	79
Column 5- measure 1 Livestock health status	Healthy Animals %	80	80	80	80	80	80
Column 5- measure 2 % of vaccination coverage for scheduled disease	%	80	80	80	80	80	80
Column 5- measure 3 Unit cost of vaccination	N\$ / dose	5.50	5.80	6.00	6.50	7.00	8.00
Column 5- measure 4 Stockpile size	Months	1	2	3	3	3	3
Column 5- measure 5 Unit costs of stockpile	N\$/ton	8825	9708	10679	11747	12922	14214
Column 5- measure 6 Nutritional understanding	%	30	40	50	55	60	66
Column 5- measure 7 % NFIVIMS data older than 2 months	%	50	70	75	80	88	97
Column 5- measure 8 Unit cost of NFIVIMS mapping (Planning)	N\$ / Map	110	115	120	125	137	151
Column 5- measure 9 Seed bank % ability to supply on time	%	44	50	55	60	60	65
Column 5- measure 10 Unit cost of plant movement-entry permits	N\$/Permit	50	55	60	65	75	80
Column 5- measure 11 Availability of designated equipment for pest control-by region (Only 5 Regions Implicated)	Unit / Region	55	60	70	80	85	90
Column 6- measure 1 Unit cost of vaccination by region (Only 5 Regions Implicated)	N\$/Region	250 000	260 000	270 000	280 000	290 000	300 000
Column 6- measure 2 Unit cost of livestock entry permits	N\$/Permit	70	80	85	90	95	100
Column 6- measure 3 No of deviations from movement controls of livestock movement-by region	Number	0	0	0	0	0	0
Column 6- measure 4 Compliance to scheduled response to outbreak of scheduled (animal) disease	Outbreaks	0	0	0	0	0	0
Column 6- measure 5 No of deviations from regulatory control for plant movement and production-by region	Number	0	0	0	0	0	0
Column 6- measure 6 Compliance to scheduled response to plant threatening outbreaks	%	0	0	0	0	0	0
Column 6- measure 7 Compliance with extension officer reporting	%	100	100	100	100	100	100
Column 6- measure 8 Compliance with NFIVIMS mapping schedule	outbreaks	50	70	80	90	95	100
Objective 3 : To ensure access of all Namibians to clean and safe potable water							
Column 2- measure 1 No of households without access to potable water (rural 2.5km walk, urban 500m walk)	%	25	22	21	20	18	15
Column 2- measure 2 No of households <15l / day	%	25	24	22	20	18	15
Column 2- measure 3 % waste water disposal points operational / number operational	%	2000	2100	2200	2300	2400	2500
Column 2- measure 4 No of households where wait for water >30 mins	%	24	22	21	20	18	15
Column 2- measure 5 % deviations from ground and surface water standards (volume weighted)	%	24	22	22	21	20	19
Column 2- measure 6 % full cost recovery of community water supply	%	30	40	50	60	70	75
Column 2- measure 7 % water points fully handed over	%	30	40	50	60	70	75
Column 2- measure 8 % households where 15l / day >5% income	%	Cannot	be	determined	at	this	stage
Column 2- measure 9 % rural water supply resources under regional control	%	100	100	100	100	100	100
Column 2- measure 10 Representation of women in water management decision positions	%	45	50	55	60	65	65
Column 3- measure 1 Real terms price of potable water	N\$ M3	9-35	10-00	11-00	11-30	12-75	14.25
Column 5- measure 1 No of households without access to potable water	Number	Cannot	be	determined	at	this	stage
Column 5- measure 2 No of households with self-sustaining access to potable water	%	5	8	15	22	40	60
Column 5- measure 3 Unit cost of community borehole water points	N\$	330 000	340 000	360 000	400 000	420 000	440 000
Column 5- measure 4 Unit cost of community off take water points	N\$	264 000	290 000	300 000	300 000	290 000	280 000
Column 5- measure 5 % full cost recovery of (rural) community water supply	%	30	50	60	70	80	85

Indicator	Unit of measure	Measures – data					
		2002/2003 actual	2003/2004 actual	2004 / 2005 forecast	2005/ 2006 forecast	2006 / 2007 forecast	2007 / 2008 forecast
Column 5- measure 6 No of rural households without access to potable water (> 2.5 km walk)	No	30	24	20	18	16	16
Column 5- measure 7 % rural households access <15l / day	%	30	24	20	18	16	15
Column 5- measure 8 % rural households where wait for water >30 mins	%	30	24	20	18	16	15
Column 5- measure 9 % deviations from ground and surface water standards (volume weighted – rural supply)	%	24	22	21	20	20	18
Column 5- measure 10 No of urban households without access to potable water (> 500 m walk)	No	24	22	21	20	20	18
Column 5- measure 11 No of urban households access <15l / day	No	14	12	10	10	8	6
Column 5- measure 12 % deviations from ground and surface water standards (volume weighted – urban supply))	%	25	22	20	18	16	13
Column 5- measure 13 % full cost recovery of (rural) community water supply	%	40	50	60	70	80	85
Column 5- measure 14 % water points fully handed over	%	30	40	50	60	70	75
Column 5- measure 15 % households where 15l / day >5% income	%	50	55	60	65	70	65
Column 6- measure 1 Borehole days where facility inoperable	Days/Borehole	8	6	5	5	4	2
Column 6- measure 2 % community water points with water not complying with National Water Quality Guidelines	%	24	22	21	20	18	18
Column 6- measure 3 % water losses between bulk supply and offtake points	%	90	40	30	25	20	17
Column 6- measure 4 % community water point quality assurance schedule completed	%	50	70	80	90	95	100
Column 6- measure 5 Unit cost of water quality assurance (NamWater)	N\$	100	120	130	150	160	170
Column 6- measure 6 % bulk water quality schedule completed (NamWater)	%	90	100	100	100	100	100
Column 6- measure 7 No of bulk water deviations from National Water Quality Guidelines N/W	No	2	1	1	1	1	1
Column 6- measure 8 Average age of unrectified water quality faults N/W	Years	2	2	1	1	1	1
Column 6- measure 9 NamWater % cost recovery N/W	%	60	80	90	100	100	100
Objective 4 : To improve rural income at both national and household levels							
Column 2- measure 1 % contribution of agriculture to GDP	%	4.7	4.3	4.4	4.5	5.0	5.5
Column 2- measure 2 % contribution of communal sector to total agricultural production	%	20	25	30	35	40	44
Column 2- measure 3 No of non-agricultural / complementary enterprises established	Number	0	0	0	1	2	3
Column 2- measure 4 % of farmers with knowledge and access to improved seeds	%	24	30	35	40	45	50
Column 2- measure 5 Value of agricultural imports	N\$ ton bil	1,809	1,709	1,902	2,092	2,302	2,532
Column 2- measure 6 Value of agricultural exports	N\$ mn	2389	2549	2804	3084	3393	3732
Column 2- measure 7 Diversity of export markets for agricultural products – tariff lines	No	7	9	9	10	10	11
Column 2- measure 7a Diversity of export markets for agricultural products – countries	No	4	6	7	9	10	11
Column 2- measure 8 % maize farmers increasing output by 20%	%	2	2	3	5	10	15
Column 2- measure 9 % mahangu farmers increasing output by 20%	%	4	6	8	10	12	15
Column 2- measure 10 Communal livestock off take %	%	11	12	15	17	20	25
Column 2- measure 11 Farmer satisfaction level	Index	15	25	25	30	40	50
Column 2- measure 12 Real household assets adjusted to population	N\$/ household	Survey still in	process	data will be	available in	next year	2005
Column 3- measure 1 HPI for rural areas	%	Unknown	Unknown	50	60	70	80
Column 3- measure 2 Total Factor Productivity for agriculture	NASSP	0	0	Started with	gross margin	Tested in	Nov 04
Column 3- measure 3 Balance of trade in agricultural products	N\$ mn	1270	1300	1400	1500	1600	1760

Indicator	Unit of measure	Measures – data					
		2002/2003 actual	2003/2004 actual	2004 / 2005 forecast	2005/ 2006 forecast	2006 / 2007 forecast	2007 / 2008 forecast
Column 3- measure 4 % of livestock suffering from conditions which reduce their economic value	%	70	55	25	20	15	10
Column 3- measure 5 Subsistence agriculture output	Kg / hr	400	450	600	650	715	780
Column 3- measure 6 Subsistence agriculture labour productivity	Kg/hr	400	450	600	650	715	780
Column 3- measure 7 Non-traditional crop and livestock output	%	1	20	25	25	27.5	30
Column 3- measure 8 Area of land under irrigation	Ha	7000	8500	9000	10000	11000	12000
Column 3- measure 9 Membership of registered agricultural cooperatives	No	100	110	120	130	143	150
Column 3- measure 10 Cattle north of Veterinary Cordon Fence (VCF) processed through formal channels	Herds	17000	18000	18500	19000	20000	22000
Column 5- measure 1 % of infrastructure projects completed on time / to spec and within budget	%	80	90	90	100	100	100
Column 5- measure 2 Level of extension officer competency	%	65	70	75	80	85	90
Column 5- measure 3 Agricultural knowledge in CAs (Communal Area)	%	30	35	40	45	50	55
Column 5- measure 4 % clients whose economic practices change	%	7	10	12	15	17	20
Column 5- measure 5 Agribank—age of outstanding loan applications	Days	21	14	14	14	12	13
Column 5- measure 6 Agribank—administration cost per N\$ 1 000 lent	%	3.92	4.45	4.00	4.00	4.00	4.00
Column 5- measure 7 MeatCo administrative cost per N\$ 1 000 sales	%	Working on it	45	123	55	60	60
Column 5- measure 8 % maize farmers increasing output by 20%	%	2	2	3	5	10	12
Column 5- measure 9 % mahangu farmers increasing output by 20%	%	5	6	8	10	12	14
Column 5- measure 10 Communal livestock off take %	%	11	12	15	18	20	22
Column 6- measure 1 No of projects overrun- by region	No	33	42	38	27	22	24
Column 6- measure 2 Value of project over expenditure- by region (gross)	N\$ mn	113.5	120.5	140.7	144.8	130.2	127.1
Column 6- measure 3 Unit cost of extension visits	N\$	600	680	750	820	850	950
Column 6- measure 4 Extension services, tooth to tail ratio	Ratio	1:714	1:660	1:550	1:500	1:500	1:500
Column 6- measure 5 % scheduled households given help / advise	%	30	40	45	50	55	60
Column 6- measure 6 % Household / income survey schedule completed	%	90	95	95	95	98	100
Column 6- measure 7 User satisfaction with advisory services	%	60	70	70	80	80	80
Column 6- measure 8 Access to veterinary advice by area	% Cover	100	100	100	100	100	100
Column 6- measure 9 Compliance to abattoir inspection schedule	%	49	75	85	95	100	100
Column 6- measure 10 No of abattoir days lost due to closure through non-compliance	Days	0	0	0	0	0	0
Column 6- measure 11 Animal health awareness by farmers	%	65	70	75	80	85	90
Column 6- measure 12 Agribank—return on investments (Planning)	%	5.71	4.70	5.00	5.00	5.00	6
Column 6- measure 13 Agribank—N\$ days of loan repayments in arrears (Planning)	Days	39	46	42	42	42	50
Column 6- measure 14 Agribank—N\$ days of loans in litigation (Planning)	Days	90	70	60	60	60	66
Column 6- measure 15 CA feedlot scheme—no of animal / days backlog (Veterinary Services)	Amount	0	0	0	0	0	0
Column 6- measure 16 CA feedlot scheme--% weight gain (Veterinary Services)	%	5	5	5	5	5	5
Column 6- measure 17 CA feedlot scheme--% recovery (Veterinary Services)	%	100	100	100	100	100	100
Column 6- measure 18 VCF quarantine—no of animal / days backlog	Animal Days	0	0	0	0	0	0
Column 6- measure 19 VCF quarantine—average no of days in quarantine	Animal Days	21	21	21	21	21	21
Column 6- measure 20 % designated irrigation areas not utilised—in all regions	%	80	75	75	70	70	50

Indicator	Unit of measure	Measures – data					
		2002/2003 actual	2003/2004 actual	2004 / 2005 forecast	2005/ 2006 forecast	2006 / 2007 forecast	2007 / 2008 forecast
Objective 5 : To maintain and rehabilitate essential ecological processes, life support systems and biological diversity							
Column 2- measure 1 Number of community forest reserves (formally proclaimed)	Number	0	0	5	7	9	11
Column 2- measure 2 Area planted with trees (per year)	Ha	50	80	10	100	100	100
Column 2- measure 3 Area rehabilitated with forest (under rehabilitation management, excluding emerging community forests)	Ha	50	50	50	60	70	80
Column 3- measure 1 State of the environment indices level		0	0	10	15	20	25
Column 3- measure 2 Hectares desertified	Ha	2541600	No estimate	No estimate	No estimate	2000000	No estimate
Column 5- measure1 Net increase in forested areas	%	No estimate	No estimate	No estimate	No estimate	No estimate	No estimate
Column 5- measure 2 % of area needed planting planted areas	%	No estimate	No estimate	No estimate	No estimate	No estimate	No estimate
Column 5- measure 3 Unit cost of planting (per hectare)	N\$	1600	1600	1700	1800	1900	2000
Column 5- measure 4 Area planted with trees (per year)	Ha	50	80	100	100	100	100
Column 5- measure 5 Area rehabilitated with forest (under rehabilitation management, excluding emerging community forests)	Ha	50	50	50	60	70	80
Column 5- measure 6 Unit cost of forest rehabilitation (per hectare)	N\$	360	360	No estimate	No estimate	No estimate	No estimate
Column 6- measure 1 Desertification levels by region (figure in [] indicates average surface area in all regions under high risk of desertification)	%	5 [7.6]	No estimate	No estimate	No estimate	4 [5.0]	No estimate
Column 6- measure 2 Number of hectare under community forest reserves (emerging community forest)	Ha	1191946	1191946	1191946	1191946	1500000	1500000
Column 6- measure 3 Hectares covered by conservancies	Ha	1411300	1791400	4439400	4500000	4550000	4600000
Column 6- measure 4 Proclaimed protected areas as % of plan (current data expressed as % of surface area)	%	13.75	13.75	13.75	16.9	16.9	16.9
Column 6- measure 6 % of sampling activities on key habitat sites successfully completed on time	%	No estimate	No estimate	No estimate	No estimate	No estimate	No estimate
Objective 6 : To ensure the sustainable and optimal utilization of renewable resources							
Column 2- measure 1 Level of understanding of communities on forestry matters	Working on *						
Column 2- measure 2 Number of farm fruit trees planted (number of homesteads, average of 5 trees per homestead)	Number	500	1000	1500	2000	2500	3000
Column 2- measure 3 Area of conservancies (ha)	Ha	1411300	1791400	4439400	4500000	4550000	4600000
Column 5- measure 5 Number of farm fruit trees planted (number of homesteads, average of 5 trees per homestead)	Number	500	1000	1500	2000	2500	3000
Column 5- measure 6 Fruit tree unit cost to production	N\$	No estimate	No estimate	No estimate	No estimate	No estimate	No estimate
Column 6- measure 1 Number of conservancies supported by CBNRM programme	Number	16	19	29	34	39	44
General Administration							
Column 5- measure 1 Age of debtors	Months	28	24	20	16	14	14
Column 5- measure 2 Age of creditors	Days	30	30	30	25	25	25
Column 5- measure 3 Level of staff competency	Working on *						
Column 5- measure 3 % of rangers qualified	%	90	90	100	100	100	100
Column 5- measure 4 % correspondence not receiving a substantive response within 14 days	%	70	60	50	40	30	25
Column 5- measure 5 Fleet unit cost per km	As per Km	282	2-95	3-00	3-20	3-40	3.60
Column 5- measure 6 Fleet availability	%	85	90	95	100	100	100
Column 5- measure 7 IT availability	%	60	70	70	75	80	85
Column 6- measure 1 Time taken to recruit key staff	Months	6	5	5	5	4	3

Indicator	Unit of measure	Measures – data					
		2002/2003 actual	2003/2004 actual	2004 / 2005 forecast	2005/ 2006 forecast	2006 / 2007 forecast	2007 / 2008 forecast
Column 6- measure 2 % Staffing levels of key positions	%	71	75	75	75	80	85
Column 6- measure 3 Key staff turnover	%	14	14	14	14	12	10
Column 6- measure 4 Staff turnover	%	21	20	20	20	25	30
Column 6- measure 5 Level of staff satisfaction	*						
Column 6- measure 6 Condition of fixed assets	%	80	80	75	75	80	65
Column 6- measure 7 Value of produce sales	N\$ mn	1,800	2,000	2,200	2,400	2,500	2,600
Column 6- measure 7 Rangers- supervision / leadership competency levels	%	70	80	90	100	100	100
Column 6- measure 8 Rangers – language skill competency levels	%	70	80	90	100	100	100

8.1.2 Chronogram of activities

Chronogram of activities						
9th EDF		Amounts (million €)	Identification	Appraisal	Financing Decision	
Rural development		56.50				
Rural town sewerage scheme - Luderitz	9 ACP NAM 5	3.50				
Rural Poverty Reduction Programme	9 ACP NAM 12	53.00				
Human resources development		21.00				
Namibia Education sector programme	9 ACP NAM 2	21.00				
Institutional capacity building		11.54				
Feasibility study for EC HIV/Aids response under 9 EDF	9 ACP NAM 1	0.04				
HIV/AIDS response capacity development programme	9 ACP NAM 9	3.20				
Public Finance Management Support Programme		8.30	Aug-04	Sep-04		Sep-05
Institutional capacity building support for non-state actors		1.20	May-05	Sep-05		Dec-05
Contributions to trade and regional integration		3.00				
Namibia Trade and Regional Integration Programme	9 ACP NAM 8	3.00				
Technical Cooperation Facility		2.00				
	9 ACP NAM 7	2.00				
Others		0.77				
Rider to STD and HIV activities	9 ACP NAM 3	0.20				
TA to NAO - Rural profile strategic framework	9 ACP NAM 4	0.11				
Design & preparation tender - Water recl. Plan Luderitz	9 ACP NAM 6	0.15				
Plafond 7 ACP NAM 76	9 ACP NAM 10	0.31				
Total 9th EDF		96.01				

8.1.3 Indicative timetable for commitments and disbursements

8.1.3.1 Commitments

Indicative timetable for commitments								
9th EDF (million €)		2003	2004	2005	2006	2007	Total	
Rural development			56.50					56.50
Rural town sewerage scheme - Luderitz	9 ACP NAM 5		3.50					3.50
Rural Poverty Reduction Programme	9 ACP NAM 12		53.00					53.00
Human resources development		21.00						21.00
Namibia Education sector programme	9 ACP NAM 2	21.00						21.00
Institutional capacity building		0.04	3.20	8.30				11.54
Feasibility study for EC HIV/Aids response under 9 EDF	9 ACP NAM 1	0.04						0.04
HIV/AIDS response capacity development programme	9 ACP NAM 9		3.20					3.20
Public Finance Management Support Programme				8.30				8.30
Institutional capacity building support for non-state actors				1.20				1.20
Contributions to trade and regional integration			3.00					3.00
Namibia Trade and Regional Integration Programme	9 ACP NAM 8		3.00					3.00
Technical Cooperation Facility			2.00					2.00
	9 ACP NAM 7		2.00					2.00
Others		0.46	0.31					0.77
Rider to STD and HIV activities	9 ACP NAM 3	0.20						0.20
TA to NAO - Rural profile strategic framework	9 ACP NAM 4	0.11						0.11
Design & preparation tender - Water recl. Plan Luderitz	9 ACP NAM 6	0.15						0.15
Plafond 7 ACP NAM 76	9 ACP NAM 10		0.31					0.31
Total 9th EDF		96.01	21.50	65.01	9.50	0.00		96.01

8.1.3.2 Disbursements

Indicative timetable for disbursements							
9th EDF (million €)		2003	2004	2005	2006	2007	Total
Rural development				10.78	16.51	16.21	43.50
Rural town sewerage scheme - Luderitz	9 ACP NAM 5			1.18	1.31	1.01	3.50
Rural Poverty Reduction Programme	9 ACP NAM 12			9.60	15.20	15.20	40.00
Human resources development		2.00	6.50	7.50	5.00		21.00
Namibia Education sector programme	9 ACP NAM 2	2.00	6.50	7.50	5.00		21.00
Institutional capacity building		0.04		3.65	4.07	3.52	11.27
Feasibility study for EC HIV/Aids response under 9 EDF	9 ACP NAM 1	0.04					0.04
HIV/AIDS response capacity development programme	9 ACP NAM 9			1.05	0.94	0.94	2.93
Public Finance Management Support Programme				2.60	3.13	2.58	8.30
Institutional capacity building support for non-state actors				0.20	0.40	0.40	1.00
Contributions to trade and regional integration				0.05	0.60	1.20	1.85
Namibia Trade and Regional Integration Programme	9 ACP NAM 8			0.05	0.60	1.20	1.85
Technical Cooperation Facility			0.25	0.47	0.10	0.40	1.22
9 ACP NAM 7			0.25	0.47	0.10	0.40	1.22
Others		0.14	0.41	0.18	0.04	0.00	0.77
Rider to STD and HIV activities	9 ACP NAM 3	0.06	0.14				0.20
TA to NAO - Rural profile strategic framework	9 ACP NAM 4	0.08	0.02				0.11
Design & preparation tender - Water recl. Plan Luderitz	9 ACP NAM 6		0.04	0.09	0.02		0.15
Piafond 7 ACP NAM 76	9 ACP NAM 10		0.20	0.09	0.02		0.31
Total 9th EDF	80.61	2.18	7.16	22.83	26.72	21.73	80.61

8.1.4 Donor matrix

Sectors	Actual grants disbursements for 2004 (millions €)												Tot.
	EC	AT	D	DK	E	F	I	L	NL	FIN	S	UK	
Education	9.49		2.81	1.30	0.10	0.45		0.43			7.20	0.03	21.81
Health	0.70		1.57		0.27	0.67	0.51	0.45		0.94	0.50	2.59	8.20
Water supply and sanitation	1.39		0.75					3.03		0.38			5.55
Government, Civil Society and Support to NGOs	4.28	0.65	1.63	0.30	0.19	0.36			1.95	1.94	1.30	0.62	13.22
Transport and storage			12.68								0.34		13.02
Communication													0.00
Banking and financial services													0.00
Business/Private sector, trade and tourism	5.15	0.45	0.51		0.27	0.20	0.20					0.12	6.90
Energy													0.00
Agriculture, forestry, fisheries	11.88		2.05		0.87	0.57		0.33		1.06		0.68	17.44
Industry, Mining and Construction			0.02										0.02
Environmental Protection			0.75	1.30						0.14	1.37		3.56
Others	1.00		0.19		0.28	0.63		0.11					2.21
Total	33.89	1.10	22.96	2.90	1.98	2.88	0.71	4.35	1.95	4.46	10.71	4.04	91.93

8.2 Annexes with a retrospective character

8.2.1 Financial situation for 9th EDF

(amounts in ̳)

EDF No.	PROJECT	Global Commit.	Indiv. Commit.		Disbursed	Disbursed
9 ACP NAM	2 NAMIBIA EDUCATION SECTOR PROGRAMME (ESP) 2003-2007	21'000'000	21'000'000	100.00%	8'500'000	40.48%
9 ACP NAM	3 RIDER 2 : SUPPORT TO STD AND HIV ACTIVITIES (8 ACP NAM 11)	200'000	200'000	100.00%	140'265	70.13%
9 ACP NAM	4 TECHNICAL ASSISTANCE TO NAO - RURAL PROFILE STRATEGIC FRAMEW	107'000	107'000	100.00%	84'463	78.94%
9 ACP NAM	5 RURAL TOWN SEWERAGE SCHEME - LUDERITZ	3'500'000	0	0.00%	0	
9 ACP NAM	6 DESIGN & PREP. TENDER DOCUMENTS - WATER RECL. PLANT LUDERITZ	150'000	132'000	88.00%	44'985	34.08%
9 ACP NAM	7 TECHNICAL COOPERATION FACILITY	2'000'000	222'203	11.11%	82'944	37.33%
9 ACP NAM	8 NAMIBIA TRADE AND REGIONAL INTEGRATION PROGRAMME (NTRIP)	3'000'000	0	0.00%	0	
9 ACP NAM	9 HIV/AIDS RESPONSE CAPACITY DEVELOPMENT PROGRAMME (HRCDP)	3'200'000	1'400'000	43.75%	0	0.00%
9 ACP NAM	10 AUGMENTATION DE PLAFOND DU PROJET 7 ACP NAM 76	310'000	201'000	64.84%	207'532	103.25%
9 ACP NAM	11 ECHO/NAM/EDF/2004/01000 HUMANITARIAN AID TO FACILITATE THE R	1'000'000	1'000'000	100.00%	800'000	80.00%
9 ACP NAM	12 RURAL POVERTY REDUCTION PROGRAMME	53'000'000	0	0.00%	0	
	SUM	87'467'000	24'262'203	27.74%	9'860'189	40.64%

8.2.2 Financial situation for 8th EDF, including regional projects

(amounts in ̳)

EDF No.	PROJECT	Global Commit.	Indiv. Commit.	% Commit.	Disbursed	% Disb.
8 ACP NAM	1 NAMIBIA TOURISM DEVELOPMENT PROGRAMME/DEV. PHASE (+ 7NAM034)	7'200'000	7'017'534	97.47%	5'815'749	82.87%
8 ACP NAM	2 NAMIBIA EDUCATION & TRAINING PROGRAMME	13'000'000	12'870'840	99.01%	12'870'840	100.00%
8 ACP NAM	4 SADC REGIONAL MONIT.-CONTROL-SURVEILL. OF FISHING+8RAU001	840'000	749'224	89.19%	562'734	75.11%
8 ACP NAM	6 RESEARCH EXTENSION MANAGEMENT PROGRAMME (REMP)	7'450'000	7'308'120	98.10%	7'082'722	96.92%
8 ACP NAM	9 TRADE & INVESTMENT DEVELOPMENT PROGRAMME (TIDP)	3'600'000	3'422'778	95.08%	3'416'656	99.82%
8 ACP NAM	11 SUPPORT FOR STD AND HIV/AIDS ACTIVITIES IN NAMIBIA	1'350'000	1'347'970	99.85%	1'290'156	95.71%
8 ACP NAM	17 MULTIANNUAL MICROPROJECTS PROGRAMME NAMIBIA	4'000'000	3'904'404	97.61%	3'904'404	100.00%
8 ACP NAM	23 NATIONAL AGRICULTURAL SERVICES SUPPORT PROGRAMME	6'000'000	5'658'879	94.31%	2'563'400	45.30%
8 ACP NAM	24 UPGRADING NAMIBIAN MARITIME & FISHERIES INSTITUTE AT WALVIS	1'900'000	1'791'756	94.30%	1'517'786	84.71%
8 ACP NAM	25 SOCIO-ECONOMIC INTEGRATION OF EX-COMBATANTS	1'242'000	1'175'625	94.66%	1'117'938	95.09%
8 ACP NAM	26 Nampower ii (21290)	6'815'000	6'815'000	100.00%	5'537'736	81.26%
8 ACP NAM	30 TAECHNICAL ASSISTANCE TO NAO-RURAL PROFILE STRATEGIC FRAMEWO	185'000	157'494	85.13%	157'494	100.00%
8 ACP NAM	31 CAPACITY BUILDING FOR DEVELOPMENT PLANNING	3'200'000	2'557'859	79.93%	1'126'195	44.03%
8 ACP NAM	32 FEASABILITY STUDY FOR THE RURAL DEVELOPMENT PROGRAMME IN NAM	300'000	224'183	74.73%	224'183	100.00%
8 ACP RAU	1 SADC REGIONAL MONIT.-CONTROL-SURVEILL. OF FISHING (+8NAM004)	5'740'000	5'580'108	97.21%	4'449'726	79.74%
8 ACP TPS	154 ECONOMIC INTEGRATION SUPPORT PROGRAMME TO THE BLNS - PHASE I	3'000'000	94'625	3.15%	17'152	18.13%
	SUM	65'822'000	60'676'399	92.18%	51'654'872	85.13%

8.2.3 Financial situation for 7th EDF

(amounts in ̳)

EDF No.	PROJECT	Global Commit.	Indiv. Commit.	% Commit.	Disbursed	% Disb.
7 ACP NAM	14 NAMIBIA INTEGRATED HEALTH PROGRAMME	12'110'000	12'099'919	99.92%	12'099'919	100.00%
7 ACP NAM	76 RURAL TOWN SEWERAGE SCHEME - KARASBURG	1'550'000	1'380'300	89.05%	1'343'994	97.37%
7 ACP RPR	528 SUPPORT IMPLEMENTATION CROSS BORDER INITIATIVES (+7NAM54)	4'000'000	3'775'062	94.38%	3'775'062	100.00%
	SUM	17'660'000	17'255'281	97.71%	17'218'975	99.79%

8.2.4 EIB projects

STATUS OF ALLOCATIONS UNDER NAMIBIA PRIVATE SECTOR GL II A AS AT 31/12/2003					
	Amount of credit in EUR	8,000,000.00			
Allocation N°	Allocation Name	Intermediary	Date of allocation	Amount allocated in EUR	Amount cancelled in EUR
1	The Hills Lodge (Pty) Ltd	Standard Bank	22/03/2001	180,000.00	180,000.00
2	Nakara private partnership	Commercial Bank	01/02/2002	630,000.00	
3	Gocheganas Game Reserve	Standard Bank	27/06/2002	950,000.00	
4	Scandia Kitchens & Joinery	Standard Bank	16/04/2003	894,000.00	
5	Transnamib Holdings Ltd	First National Bank	24/04/2003	960,000.00	
6	ODC Katima Mulilo Industrial Park	NIB Namibia	08/10/2003	1,540,000.00	1,540,000.00
7	ODC Katwitwi Industrial Park	NIB Namibia	08/10/2003	872,000.00	872,000.00
8	Gocheganas Game Reserve II	Standard Bank	10/11/2003	930,000.00	
9	CIFA Enterprises CC	Standard Bank	04/12/2003	32,000.00	
10	De Beers Marine Namibia (Pty) Ltd	NIB Namibia	16/12/2003	1,600,730.35	
Total				8,588,730.35	2,592,000.00
	Total disbursed in EUR	5,996,730.35			
	Total cancelled in EUR	2,003,269.65			

Loans from EIB's own resources 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	12.4.1994	3'000'000.00	3'000'000.00		-	1'239'230.18	15.9.1997	15.3.2009
17667	WINDHOEK INFRASTRUCTURE	LOME - CONVENTION 4	VERSE	25.11.1994	8'100'000.00	8'100'000.00		-	6'128'011.05	20.5.1999	20.11.2014
18016	TELECOM NAMIBIA NETWK DIGITAL	LOME - CONVENTION 4	VERSE	26.6.1995	12'700'000.00	12'700'000.00		-	8'179'756.04	20.12.1999	20.6.2010
19022	NAMIBIA-NAMPORT	LOME - CONVENTION 4	VERSE	21.10.1996	12'000'000.00	12'000'000.00		-	9'805'991.69	15.4.2002	15.10.2016
19223	NAMIBIA-PRIVATE SECTOR GL	LOME - CONVENTION 4	VERSE	12.12.1996	8'000'000.00	6'000'000.00	2'000'000.00	-	3'009'904.10	10.6.2000	10.12.2009
17767	NAMIBIA-SOUTH AFRICA 400KV INTERCONNECTOR	LOME - CONVENTION 4 - PROT.2	VERSE	5.11.1998	55'000'000.00	55'000'000.00		-	47'184'500.00	20.6.2002	20.6.2018
17772	NAMIBIA - TELECOM II (SL)	LOME - CONVENTION 4 - PROT.2	VERSE	16.11.1998	10'000'000.00	7'274'928.00	2'725'072.00	-	6'418'963.31	15.5.2003	15.11.2013
20256	WINDHOEK INFRASTRUCTURE II (SO)	LOME - CONVENTION 4 - PROT.2	VERSE	28.9.1999	10'500'000.00	10'500'000.00		-	9'980'250.00	31.1.2004	31.7.2019
20801	NAMIBIA PRIVATE SECTOR GL II A	LOME - CONVENTION 4 - PROT.2	VERSE	17.11.2000	8'000'000.00	5'996'730.35	2'003'269.65	-	5'735'964.99	10.5.2004	10.11.2013
21290	NAMPOWER II	LOME - CONVENTION 4 - PROT.2	SIGNE	14.11.2001	35'000'000.00	30'000'000.00		5'000'000.00	28'628'571.43	15.9.2006	15.9.2021

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	19.11.1992	2'500'000.00	2'500'000.00		-	277'777.76	15.9.1996	15.9.2004
70946	WINDHOEK WATER SUPPLY B	LOME - CONVENTION 4	VERSE	12.4.1994	3'000'000.00	3'000'000.00		-	2'097'000.00	15.3.2000	15.3.2014
71034	OKAPUKA TANNERY II - NAMIBIA	LOME - CONVENTION 4	VERSE	12.12.1995	920'000.00	920'000.00		-	575'811.00	25.11.1999	25.11.2010
71102	SKORPION FEAS. STUDY	LOME - CONVENTION 4 - PROT.2	VERSE	4.6.1998	2'000'000.00	1'725'477.99	274'522.01	-	1'150'318.63	31.5.2003	31.5.2008
20257	WINDHOEK INFRASTRUCTURE II (SS)	LOME - CONVENTION 4 - PROT.2	VERSE	28.9.1999	2'500'000.00	2'500'000.00		-	2'500'000.00	31.7.2005	31.7.2019

8.2.5 Use of budgetary support / counterpart funds

Information to be provided by NAO.

8.2.6 Project sheets

Economic Integration Support Programme (EISP) for SACU

Project No	:	8ACP TPS154 (EDF) and SA/73200 (EPRD)
Project Amount	:	EDF: € 3.000.000, EPRD: € 3.000.000
Committed	:	€ 96.125
Disbursed	:	€ 90.202,68
Implementation Period	:	December 2004-December 2007 (EDF), December 2004-December 2009 (EPRD), in accordance with rider number 3/2 respectively
Implementation	:	SACU Secretariat, Windhoek

Aim

- To assist the BLNS (Botswana, Lesotho, Namibia and Swaziland) to achieve increased economic growth and development as their economies reduce trade barriers and South Africa implements the Trade, Development and Cooperation Agreement with the EU.
- In the reoriented design (2004) an aim to assist the SACU Member States in the implementation of the 2002 SACU Agreement was added. The programme will hence focus on support to the establishment and effective functioning of the SACU Secretariat and its related institutions: the Council of Ministers; the Customs Union Commission; a Secretariat; the Tariff Board; Technical Liaison Committees and an ad hoc Tribunal. As a support structure at the national level, the Member States have agreed to establish specialised, independent National Bodies, which will receive requests for tariff changes and other related SACU issues. The process to establish these institutions is still in its infant stage.

Status

- Following an initial stand-still the programme is now gaining momentum. In July 2004 a review was undertaken to appraise the feasibility for a reorientation of the programme in the face of changes in the environment, notably the coming into force of the new SACU Agreement (2002) and the establishment of institutions for a truly democratic organisation and management of the union.
- The review found that most of the basic assumptions and rationale for the programme were still valid and the bulk of the activities foreseen under the original programme in line with the responsibilities afforded the new SACU institutions. Based on the report and consultations with the SACU Secretariat, a rider reorienting and extending the programme was approved on 23 December 2004.

Namibia Trade and Regional Integration Programme (NTRIP)

Project No	:	9ACP NAM 08
Project Amount	:	€ 3.000.000
Committed	:	€ 0
Disbursed	:	€ 0
Implementation Period	:	June 2004 – December 2009
Implementation	:	Ministry of Trade and Industry

Aim

- NTRIP was premised on the concept of going beyond an *ad hoc* approach to Trade related Assistance (TRA) and to establishing a comprehensive demand led approach to trade and regional integration activities, in close cooperation between the public and private sector.

- The purpose of the programme is to respond to demand from both the public sector and non state actors for improved skills and knowledge to negotiate international and regional trade agreements, to ensure that the critical content of such negotiations is informed by, and transferred to the private sector, and to enable the private sector to respond appropriately to the threats and opportunities posed by the changing global environment.
- The programme should achieve four complementary outputs:
 - a) Improved institutional, technical and managerial capacity of Namibian public and NSAs to participate actively and successfully in multilateral trade and regional integration negotiations;
 - b) Enhanced institutional capacity to analyse the effects of various trade agreements on domestic economic sectors – ensuring that opportunities are seized and threats are mitigated;
 - c) Improved information and more effective consultations among stakeholders on existing and potential export markets and Namibian export products as well as imports provided on a regular, comprehensive and systematic basis; and
 - d) Enhanced capacity of exporters to identify and develop products that match international markets’ opportunities.
- The programme will be flexible and responsive to institutional capacity building needs through training awareness campaigns, research and support activities to strengthen trade negotiations and improve market access.
- The inputs will be in the form of international, regional and national technical support, both long and short term, trade promotion missions, workshops, research and publication costs. The programme will be implemented over three years with support of a coordinating unit and will be monitored by a multi-stakeholder steering committee. The main target group will be senior decision-makers and managers in Government and Non-State agencies and the export oriented private sector.

Status

- The international restricted tender for the TA service contract was launched under a suspensive clause in March 2004. Unfortunately, some irregularities preventing fair competition were experienced in the evaluation process and the contracting authority (NAO) decided to cancel the tender in January 2005. It is expected that the programme will commence with the recruitment of national advisers and the establishment of a start-up programme estimate in mid-2005.

NAMIBIAN EDUCATION SECTOR PROGRAMME

Project No	:	9ACP NAM 02
Project Amount	:	€ 21,000,000
Committed	:	€ 21,000,000
Disbursed	:	€ 9,000,000
Implementation Period	:	September 2003 – 30 September 2007.
Implementation	:	Ministry of Education

Aim

- 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

ministries³⁷, 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.

Status

- 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.
- The education ministries recognised that the sector is under-performing and that the existing strategic plans failed to take a comprehensive view of the sector and account for all resources and expenditures. Since 2003 the ministries have been working with technical support from the World Bank and other donors to develop an Education and Training Sector Improvement Programme (ETSIP) 2005-2020. ETSIP is a 15 year comprehensive plan for the sector, setting out key policies and strategies that will be rolled out under medium term (3 year) programmes. 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.
- It is anticipated that by mid-2005 a clear set of policy commitments, with priority policies and strategies, will be finalised under ETSIP, accounting for all resources available to the sector and the trade offs that will be needed to achieve sector objectives. The prioritisation, sequencing, financing and implementation of these reforms must now be addressed as the basis of more substantive dialogue between the Government and development partners. In light of the development of ETSIP, sector indicators and targets will again need to be revisited setting targets based on the projections and driven by the policies agreed.
- 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.
- The EC has now released 2 tranches of sector budget support (total EURO 8 million); the conditions for release having being 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

³⁷ Two education ministries (for Basic and Higher Education) merged into one Ministry of Education in March 2005

ministry expenditure plans (MTPs) which set out the priority objectives and programmes of the ministries.

- The third tranche of budget support is due for release in the 2005/06 financial year. The presentation of medium term expenditure plans for the sector will be a key trigger for the release of this third tranche of support. The development of ETSIP and the sector expenditure strategy should give much needed bottom up planning for the MTPs. The EC will be discussing with GRN how best to target on-going support to the implementation of ETSIP over 2005-07.
- The EC has now disbursed EURO 1 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.

NAMIBIA HIV/AIDS CAPACITY RESPONSE DEVELOPMENT PROGRAMME

Project No	:	9 ACP NAM 09
Project Amount	:	EUR 3.200.000
Committed	:	EUR 1.621.000
Disbursed	:	EUR 219.114,41
Implementation Period	:	January 2005 - November 2007
Implementation	:	Ministry of Health and Social Services

Aim

To strengthen national and community capacity to plan and manage an expanded coordinated health sector and multi-sector response to HIV/Aids and Tuberculosis.

Three main results are expected from the support:

- Effective and efficient institutional structures and processes in place and central level for planning, managing and coordinating the response
- HIV/AIDS systematically mainstreamed throughout the public sector and workplace programmes in place
- Strengthened responses at regional and local levels

The project is firmly lodged within the National Strategic Plan on HIV/Aids (Third Medium Term Plan 2004-2009) and supports its implementation.

Status

- The project is in its start-up phase and has conducted a stakeholders' workshop to fine-tune the logframe and create awareness and ownership of the processes proposed under the first operational programme estimate. In essence, the project is an expansion of the interventions commenced under the previous EC support to HIV interventions under the Ministry of Health and Social Services and is thus benefiting from the lessons learned from that support.
- Main activities commenced during the start-up phase include: Support to the development of a national HIV/Aids policy; Assistance in upgrading the M&E system for the national HIV response; and Support to the formulation of an application from Government, civil society and the private sector to Round 5 of the Global Fund to fight AIDS, Tuberculosis and Malaria.
- PE 2 will commence in June 2005 on the basis of a revised logframe.

CAPACITY BUILDING FOR DEVELOPMENT PLANNING

Project No	:	8 ACP NAM 31
Project Amount	:	EUR 3.200.000
Committed	:	EUR 2.594.639,02
Disbursed	:	EUR 1.483.149,99
Implementation Period	:	August 2003 – July 2006
Implementation	:	National Planning Commission Secretariat

Aim

The overall aim is to increase the effectiveness of national development planning and management as a means of contributing to the reduction of poverty

The specific aim is to strengthen NOCS capacity to carry out core functions to guide national development.

Four main results are expected from the support:

- National plans/policy and resource allocation monitored, reviewed and adjusted on a regular basis
- Effective programme management
- Enhanced capacity through continuous professional development and induction training programme development
- NPCCS using Non-State Actors to support the development process

Status

- The programme commenced in August 2003 with the arrival of the Technical Assistance team. Initial outputs of the programme have focused on developing a strategic vision for NPCCS, embarking on a basic skills training programme, supporting the review of the Second National Development Plan and the development of a Government of Namibia –Civic Organisations policy, developing macroeconomic capacity and PCM skills and researching public-private partnerships.
- Main beneficiaries for the capacity development efforts include, apart from the National Planning Commission Secretariat, the Office of the Prime Minister, the Ministry of Finance and the Bank of Namibia.
- In support of the NAO role of the National Planning Commission Secretariat, the programme has conducted EDF training and provided hands-on support in tender evaluation, contracting and processing of payments. These functions will form the basis of a proposed new component under the programme which will work on improving skills for development cooperation management using the NAO support as a pilot.
- Although a variety of activities have been conducted under the umbrella of the programme, stakeholders have expressed concern about the impact and focus of the interventions. These issues are currently under evaluation in a Mid-Term Review which will recommend the basis on which the programme should be continued for the remaining 2 years.

SYSMIN

Project No	:	7ACP NAM 08
Project Amount	:	€ 40.000.000
Committed	:	€ 33.646.000
Disbursed	:	€ 33.646.000

Implementation Period : **February 1995 – October 2003**
Implementation : **Ministry of Mines & Energy**

Aim

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

- Support to mining operations by on-lending agreements to private investors/promoters and small scale mining operators to make them successful and sustainable.
- Support to Namibia Institute for Mining and Technology (NIMT) to finance additional infrastructure. As a result NIMT's capacity increased to 450 students per year.
- Support to the Directorate of Geological Survey to acquire geophysical data in order to improve their database.
- Capacity building and institutional development within the MME.
- The programme has and is still having a positive influence on rural development (where most mining takes place) and on the overall revenue base.
- The continued use of financing through the MDF for providing loans to Mining Institutions is greatly assisting companies to start or continue capital intensive projects thereby continuing with job creation and employment in this sector.

Status

- Half of the SYSMIN allocation was used on a grant basis to finance airborne surveys, technical assistance to MME and extension of training facilities at NIMT. All work was completed by 2003.
- The other half of the SYSMIN allocation was used to provide private sector loans for medium/large- and small-scale mining operations. Loan repayments were directed into a revolving fund, the Minerals Development Fund (MDF),
- The SYSMIN balance (6 354 000 €) was also transferred to the MDF in 2003.
- The MDF is now financing loans for mining operations in the years ahead. At present 23 companies are benefiting from this financial scheme. The MME submits quarterly reports to the Delegation and NAO providing information on these operations.

RURAL TOWN SEWERAGE SCHEME FOR KARASBURG

Project No : **7 ACP NAM 76 & 9 ACP NAM 10**
Project Amount : **€ 1.860.000**
Committed : **€ 1.688.100**
Disbursed : **€ 1.595.710**
Implementation Period : **March 2003 – July 2007**
Implementation : **Ministry of Regional, Local Government & Housing (MRLG&H)**

Aim

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

Status

- A Contractor was appointed in June 2003 to construct a complete water-borne sewer reticulation system connecting up to 450 houses. Approximately 20 km of outfall pipelines and 360 manholes were constructed and sewage gravitates to 4 waste water treatment ponds constructed approximately 2 km from the town.
- Furthermore, 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 bucket toilets have also been demolished.
- An NGO was appointed and assisted the inhabitants with use of the system, advising on operation of the system, such as prevention of blockages, water saving measures and minor repair work to prevent water loss. Discussions regarding Municipal levies must still be held.
- All work was completed in November 2004, however the high pressure pump has still to be installed at the lower end of the treatment plant, and purified effluent will be pumped back to the town to be used for watering of sports fields.

RESEARCH EXTENSION MANAGEMENT PROGRAMME (REMP)

Project No	:	8 ACP NAM 06
Project Amount	:	€ 7.450.000
Committed	:	€ 7.308.119
Disbursed	:	€ 7.082.721
Implementation Period	:	June 99 – March 04
Implementation	:	Ministry of Agriculture, Water and Rural Development

Aim

- To support the Ministry of Agriculture, Water and Rural Developments in providing better services to communal farmers
- To provide and support Agricultural Development Centres in all four Divisions of the country and to improve transport and communication for both extension and research
- To support institutional development through training and management information system development

Status

- The programme has been finalised in March 2004 according to schedule.
- Renovations at 8 research stations has been finalised
- Construction and/or upgrading of the Agricultural Development centres and farmer training facilities have been carried out and completed.
- Training workshops for extension staff have been carried out in all regions of the country.
- Final payments for university students were made and students will finalise their studies during the forthcoming year

NATIONAL SUPPORT SERVICES PROGRAMME (NASSP)

Project No	:	8 ACP NAM 023
Project Amount	:	€ 6.000.000
Committed	:	€ 5.658.878
Disbursed	:	€ 2.563.400
Implementation Period:		March 03 – December 06
Implementation	:	Ministry of Agriculture, Water and Rural Development

Aim

- To enhance the livelihood of smallholder households in northern and southern communal areas of Namibia
- To enhance the capacity for policy planning, international trade negotiations and marketing of local produce within the Ministry of Agriculture
- To increase cattle off-take to formal marketing channels and improve access to veterinary drugs
- To increase income generation from cash crops and support the commercialisation of indigenous plant resources
- To promote and improve the grain processing industry and reduce post harvest losses
- To strengthen the capacity of non-state actors working in the agricultural field

Status

- The period for implementation of the programme has been extended and will run until December 2006.
- The programme has supported the Ministry of Agriculture in policy review and planning through the conduction of consultative workshops, a training needs assessment and several in-service training courses.
- The Ministry of Agriculture is involved in a large number of trade negotiations and in negotiating the trade aspects of many multi-lateral agreements. NASSP is providing mentorship and technical expertise on specific issues as well as funding for trade workshops. Since the active participation of non-government actors in formulating agricultural trade policy is important, NASSP has also provided support to a newly formed Namibian Agricultural Forum.
- The Department of Cooperative within the Ministry of Agriculture in cooperation with NASSP has developed a mentorship programme in order to promote and assist cooperative development in the country.
- Under the livestock development component NASSP provided technical support to the creation of a small stock development plan, to abattoir and tannery construction and to the production of a baseline study on a community based animal health delivery system
- Notable successes have been achieved through support of the Indigenous Plant Task Team, which is promoting the sustainable production and marketing of indigenous plants in the country. Indigenous plants represent one of the few areas of potential of potential comparative advantage in Namibia's agriculture sector. With the assistance of NASSP a range of products are already marketed internationally.

UPGRADING OF THE NAMIBIA MARITIME & FISHERIES INSTITUTE, WALVIS BAY

Project No	:	8ACP NAM 24
Project Amount	:	€ 1.900.000
Committed	:	€ 1.791.755
Disbursed	:	€ 1.517.786
Implementation Period	:	March 2002 – October 2006.
Implementation	:	Ministry of Fisheries & Marine Resources

Aim

- The project will result in new physical training facilities (new classroom block and workshop) and improvement of the existing ones (head office and admin building), and in the provision of equipment and teaching material for the extended institute.
- This will allow an increase in the number of students, to be trained and to qualify for the many positions in the Fisheries maritime fleet and factories, from 60 to more than 100.
- Traditionally, seagoing and technical jobs are a male domain, but some of these positions and onshore jobs are being taken up in increasing numbers by women. The institute is equally open to men and women of all races and colour, and facilities will now be adequate in all respects for everyone.
- Upon completion of the construction work, the Spanish Government will fund a number of specialist lecturers and instructors to assist the Institute over the following 4 years.
- Some of the students will be trained to qualify as instructors themselves in order to phase out instructors from Iceland and Norway.

Status

- Activities consist of civil works and supply of equipment.
- The Contractor that was appointed in August 2002 has completed the construction of a new double storey classroom block, a new training and usable workshop, extension of the existing administration building, renovation of the head office containing reception, offices, committee room and a library, and site works consisting of paving and road works.
- Contracts for the supply of office and classroom furniture, computers, training models, maths and laboratory equipment, navigation equipment, books and charts, workshop equipment and vehicles were awarded throughout 2004. To date all furniture, computers, equipment and vehicles have been supplied. The outstanding charts and books will be supplied early 2005.
- An evaluation of the project will take place towards the end of 2005.

RURAL TOWN SEWERAGE SCHEME FOR LUDERITZ

Project No	:	9ACP NAM 06 and 9 ACP NAM 05
Project Amount	:	€ 3.650.000
Committed	:	€ 1 286 000
Disbursed	:	€ 44.984
Implementation Period	:	February 2004 – May 2009.
Implementation	:	Ministry of Regional, Local Government & Housing

Aim

- 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 reticulations.
- The impoverished people dwelling in these areas will also no longer have to utilise the so-called bucket system, which is extensively used in the squatter camp. The sanitary situation and consequently health patterns should improve accordingly. 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 will reduce the immense pressure on Namwater in having to find alternative sources of potable water for the town.

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

Status

- The project includes for the construction of Roads, Services and Sewer Reticulation in 4 residential sites in one contract, and the construction of a new Sewer Treatment Plant and Water Reclamation Plant in another.
- The contract for the construction of roads, services and sewer reticulation in 4 residential areas has been awarded in November of this year 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 should start in March 2005.
- On completion the MRLG&H will arrange for the housing for the relocation of the local inhabitants through National Housing Enterprises, 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 (due to water shortage in Luderitz) is nearing completion. The construction work should commence before mid - 2005.
- Also included in the project is an awareness raising and capacity building component. An overseas Municipality that already has an agreement with the LTC should commence with their assistance by mid 2005.

RURAL POVERTY REDUCTION PROGRAMME (RPRP)

Project No	:	9 ACP NAM 012
Project Amount	:	€ 53.000.000
Committed	:	€ 0
Disbursed	:	€ 0
Implementation Period	:	Mar 05 – Dec 09
Implementation	:	Ministry of Agriculture, Water and Rural Development, Ministry of Transport and Communication, Ministry of Lands& Resettlement

Aim

- To promote sustainable rural livelihoods, while having regard to the sustainable use of the natural resource base.
- To support institutional structures in planning, managing and coordinating the Poverty Reduction Strategy at central and regional level
- To enhance capacity and improve complementary actions to support the launched land reform measures, thus mitigating the negative socio-economic impacts
- To improve market and service access for selected rural communal communities, through rural roads interventions

- To provide improved access to safe water supply for selected rural communities
- To enhance on- and off-farm income generation, incl. rural small and medium enterprises developed, community-based tourism initiatives strengthened, and access to rural finance increased

Status

The financing Decision has been taken in December 2004 and Project Implementation will begin in August 2005.

8.3 Thematic annexes

8.3.1 Country trade profile

8.3.1.1 Institutional framework

The Ministry of Trade and Industry (MTI) holds the primary responsibility for formulating and implementing trade policy. Within the MTI, foreign trade policy, including multilateral, regional, and bilateral trade relations, is handled by the Directorate of International Trade. Other ministries with a stake in trade issues include the Ministry of Finance (budget, expenditure/revenue measures, including tariff policy); Mines and Energy; Fisheries and Marine Resources; Agriculture, Water and Rural Development (MAWRD); Environment and Tourism; Works, Transport and Communication; Foreign Affairs and Higher Education. The National Planning Commission of the Office of the President (development plans), and the Bank of Namibia (the Central Bank) are other stakeholders. Within the private sector the most active organisation is the Agricultural Trade Forum (ATF), representing a number of associations in the agriculture area and with the MAWRD as an associate member, as well as Namibia Manufacturers Association (NMA) and NCCI (Namibia National Chamber of Commerce and Industry).

8.3.1.2 Trade policy

Namibia's trade policy is largely defined via its membership in SACU. References to trade policy do however appear in documents such as NDP I and II and Vision 2030. Given the structure of the economy trade is considered a priority, as is regional (economic) integration. With the coming into force of the new SACU Agreement (2002) on 15 July 2004, all member states have agreed to undertake any trade negotiations jointly, or at the least obtain the consent of the other Member States before negotiating and entering into, or amending existing agreement with third parties. The agreement further provides for the development of common policies and strategies with respect to industrial development; cooperation on agricultural policies in order to ensure a coordinated development of the agricultural sector; and the development of competition policies in each Member State, with regional cooperation on the enforcement of competition laws and regulations. The new SACU Agreement allows for a secretariat and an independent tariff setting body.

Under the SACU umbrella Namibia is involved in trade negotiations with the United States and EFTA. A Free Trade Agreement was concluded with MERCOSUR in 2004, and during 2005 negotiations will be initiated with India and China. The SACU Secretariat was established in Windhoek in 2004, and is expected to be fully staffed in 2005.

In addition to the SACU membership the trade policy is also influenced by Namibia's membership in the WTO and SADC. In the former the country tends to align itself with AU, SADC or ACP groupings. Issues pursued by Namibia in WTO have mainly related to agriculture. Within SADC the main priorities at the moment include the implementation of the SADC Trade Protocol³⁸ and the EU-SADC³⁹ EPA negotiations. The joint road map for the latter was adopted at the launch of the negotiations in Windhoek in July 2004. It includes a number of negotiation principles, including

³⁸ Free trade area to come into force in 2008, customs union scheduled for 2010.

³⁹ The SADC EPA constellation consists of Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland, Tanzania, and South Africa as an observer.

the linkage between the EPA and development objectives; complementarity with the regional integration process; WTO compatibility; preservation and improvement of current ACP and EBA⁴⁰ preferences; special and differential treatment; and, resources and support for adjustment.

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

The EU market under the Cotonou Agreement, subject to meeting certain rules of origin (accumulation of origin with South Africa has been permitted since 2003). Exports of canned and fresh fish as well as other goods such as hides, skins and leather products, are quota and duty free. Beef exports are subject to an annual quota of 13,000 tonnes, dutiable at a reduced tariff equal to 8% of the specific element of the EU's composite duty. Namibia also exports seedless grapes and utilises the full annual preferential quota for ACP countries of 900 tonnes plus a further 7500 tonnes, on which duty is paid.

(2) The United States market through the AGOA II – the USA has granted to Namibia "lesser developed country status", despite its relatively high GNP, thereby allowing producers to use third-country fabric in qualifying clothing exports (AGOA II). According to GRN, AGOA has generated substantial investment in Namibian textiles and clothing industries, and exports to the United States have increased, although still being at a rather modest level.

Namibia has continued to pursue its policy to broaden and deepen duty free access to EU markets for Namibian agriculture products which meet EU SPS standards. Namibia received an inspection by EU Veterinary services in 2004 and, as a result, temporarily stopped exports whilst measures were taken to meet the necessary standards. Exports were re-opened in January 2004. A substantial programme of investment in SPS measures, including animal traceability, is underway. Namibia is concerned about the impact of new SPS rules and regulations on its agricultural export markets. In particular, EU food and feed regulations, Minimum Pesticide Residue limits, animal welfare rules and standards for good agricultural practices imposed by European retail chains are cause for concern. Finally, since South Africa is Namibia's most important export market for agricultural commodities, increased competition from European exporters in that and other regional markets due to the impact of CAP and declining EU agricultural prices, is of concern to Namibia.

8.3.1.3 Trade performance (assessment of trade flows)⁴¹

The Namibian export sector is mainly constituted of mineral and other primary sector exports, such as agricultural and fishery products as well as tourism-related services. Despite attempts to address the structural imbalances in the economy over the last decade, primary sectors of mining, fisheries and agriculture have maintained their dominance as major contributors to GDP, employment, foreign earnings and government tax revenues. Exports, especially tourism, enjoyed an upswing on the back of the depreciating Namibian dollar in 1999-2002.

In 2003 Namibia's main exports were diamonds and other minerals including uranium, followed by fish, tourism and beverages. Based on the Namibian statistics South Africa was the most important export destination in 2003⁴² at 31.5%, followed by Angola 24.9% (mainly beverages), Spain 12.8% (mainly fish), UK 10.4% (mainly diamonds and beef), and the US 2.7%. Diamond exports were lower in 2003 than in previous years due to the strength of the Namibian dollar vs. the US dollar and due to the liquidation of an offshore mining company. The exports of beverages to Angola

⁴⁰ Everything But Arms (EBA) initiative providing duty free access for all goods from least developed countries, except arms and munitions to the EU. In the context of the EU-SADC EPA negotiations this includes Angola, Lesotho, Mozambique and Tanzania.

⁴¹ It should be noted that due to the unreliability of trade data, discrepancies occur between e.g. Namibian National Accounts and EU trade databases. These discrepancies are mainly due to differing classification of goods, and also the fact that trade channelled via South Africa sometimes appear in the Namibian trade statistics as being destined for South Africa. Any analysis of trade data should thus be treated with some caution. The numbers noted for trade with the EU are from the EU trade database.

⁴² Preliminary figures. These figures should also be treated with some caution as some of the exports appearing to be destined for South Africa, may be re-exported to other destinations including the EU. EIU figures suggest that some 48% of total exports in 2003 were destined for the UK, followed by South Africa at 23%, Spain 15% and France 4%.

reached a peak in 2003, having risen from 0.3% to 7.4% of total exports in eight years. As a result of a substantial increase in tariffs and taxes these are likely to decrease significantly in following years. As a bloc the EU is the second most important export destination, although the two main products, fish and diamonds, constitute around 65% of total exports, at EUR253m and EUR114m respectively. Beef exports to the EU accounted for EUR43m (7.6% of total exports to the EU) in that year. Another agricultural export product that has done well in terms of exports to the EU is seedless grapes, with 75% of production exported to the EU at a value of EUR11m in 2003.

Table: Exports of goods and services 1999-2003 (current prices EUR million)

Product group	1999	2000	2001	2002*	2003*
Live animals and animal products	58	46	48	70	71
- Live animals	54	41	42	65	66
- Animal products	4	6	6	4	5
Crops, vegetables, fruits, forestry products	8	5	8	9	12
Ores and minerals	616	787	724	710	564
- Metal ores incl uranium ore	169	180	174	173	129
- Other minerals	8	9	8	11	18
- Diamonds	439	598	541	526	418
Manufactured products	471	547	588	542	657
- Meat, meat preparations	82	80	89	54	56
- Prepared and preserved fish	321	344	352	315	407
- Beverages, other food products	46	82	89	93	110
- Copper	0	9	26	27	22
- Other manufactured products	23	32	32	53	62
Other exports, n.e.s 1)	3	3	1	-192	-194
Total exports of goods, fob	1 156	1 389	1 368	1 139	1 111
Services (excl. direct purchases by non-residents)	27	20	19	19	19
Direct purchases in Namibia by non-residents 2)	281	230	227	323	365
Total exports of services	308	250	246	342	384
Total exports of goods and services	1 464	1 638	1 614	1 481	1 494
Per cent of GDP at market prices	46%	46%	46%	46%	39%

Source: Central Bureau of Statistics and National Planning Commission (2004), *National Accounts 1995-2003* Converted from NAD using average annual rates as published in National Accounts 1995-2003 (6.52, 6.60, 7.71, 9.90, 8.51)

Notes: * Provisional figures, updated figures will be available early March 2005. 1) AS the figures are provisional, this line item includes possible discrepancies between different sources of statistics within Namibia. An update is expected in March 2005. 2)

This figure is an estimate of personal expenditure by non-residents; the main post is calculated by multiplying number of tourist arrivals by average spending per day (NAD600 at present) x average length of stay (7 days).

Imports into Namibia consist primarily of transport equipment, refined petroleum products, chemical products, machinery and equipment, and food products. The main source is South Africa (80%), while imports from the EU account for about 8 %. Germany and the UK are important import sources, along with an increasing share of Chinese goods. Namibia's trade with Africa, other than South Africa is negligible.

Table: Imports of goods and services 1999-2003 (current prices EUR million)

Product group	1999	2000	2001	2002	2003*
Agriculture and forestry products	56	44	35	47	56
Ores and minerals	14	14	36	41	37
Meat, meat products, beverages and other food products	195	188	185	243	155
Textiles, clothing, leather prod, footwear	102	102	98	83	100
Wood prod, furniture, manufact prod nec, paper prod, printed matter, recorded media	122	148	129	99	117

Refined petroleum products	114	144	203	157	191
Chemical products, rubber & plastics prod	165	179	235	161	189
Basic metals, fabricated metals and other non-metallic mineral products	139	153	176	153	181
Office, electrical machinery, and other machinery n e c	196	232	279	236	280
Radios, television, communication equipm, medical instruments, watches	68	103	77	52	63
Transport equipment	326	264	256	202	240
Electricity	12	17	14	4	10
Adjustment for re-exports	-49	-52	-47	-37	-43
Other imports, n.e.s	50	95	15	134	58
Imports cif	1 508	1 630	1 689	1 460	1 633
Less: Freight and insurance	-129	-137	-136	-100	-112
Imports of goods at current prices, fob	1 379	1 493	1 553	1 360	1 521
Services (excl. direct purchases abroad)	329	259	208	142	148
Direct purchases abroad by residents	97	85	84	97	104
Total imports of services	427	344	292	238	252
Total imports of goods and services	1 806	1 836	1 845	1 598	1 773
Per cent of GDP at market prices	57%	51%	52%	50%	47%

Source: Central Bureau of Statistics and National Planning Commission (2004), *National Accounts 1995-2003* (* provisional) Converted from NAD using average annual rates as published in National Accounts 1995-2003 (6.22, 6.52, 6.60, 7.71, 9.90, 8.51)

Apart from SACU tariffs, the country applies very few trade restrictions. The degree of openness of the Namibian economy is evident from its high import/GDP and export/GDP ratios, the latest (year 2003) being 47% and 39% 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 especially those concerning its main trading partners.

8.3.1.4 EC Response to Namibia's trade agenda

In response to Namibia's on-going concerns about EU standards as potential trade barriers, existing EU development projects have focussed on capacity building to meet sanitary and phytosanitary requirements. Namibia still seeks improved market access for grapes in terms of a larger quota and a quota for seeded grapes. The existing beef protocol remains limited to certain cuts. Namibia benefits from a very small lamb quota which is underutilised because it is only for de-boned lamb. New EU regulations for herbal remedies and food supplements may limit future expansion of the novel products sector where Namibia has a comparative advantage. Namibia is likely to raise these issues within the context of the ongoing EU-SADC EPA negotiations, which should be concluded by the end of 2007. Three priority areas have been identified by the negotiating parties: regional integration, sanitary and phytosanitary measures (SPS) as well as technical barriers to trade (TBT)

In 2003/04 the EC engaged in an awareness and information campaign with the Namibian public and private sector on the opportunities provided by both the regional and the multilateral agenda. These efforts will be continued and enhanced in 2005 as implementation of the two trade support programmes gets underway.

To support Namibia in the process of greater trade liberalisation, two specific programmes will commence in 2005, the Namibia Trade and Regional Integration Programme (see Annex IV) and the Economic Integration Support Programme in Support of SACU (Annex IV).

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

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

support the regional integration process. Under the EDF 10 it is possible that a greater focus will be put on “supply-side constraints” to trade, such as private sector development more broadly.

Linked with the EU-SADC EPA negotiations a number of regional and all-ACP trade related support programmes have been initiated from which Namibia started benefiting in 2004. In line with the guidelines for the negotiations, a SADC-EC Regional Preparatory Task Force (RPTF) has been created to ensure the inter-linkage and complementarity between EPAs and development strategies. The main task of the RPTF is to translate needs for support identified in the course of the negotiations into operational ideas for appropriate development assistance. During 2005 the Economic Integration Support Programme to SACU will gain momentum. The programme is designed to assist the establishment of the institutional structures for the customs union, i.e. the Secretariat and the Tariff Board in Windhoek, the ad hoc Tribunal and National Bodies, and will also provide support to Member State governments and the private sector to address impacts of the coming into force of the TDCA (Trade and Development Cooperation Agreement between the EU and South Africa).

8.3.2 Country conflict assessment

Not relevant for Namibia

8.3.3 Country environment profile

In Namibia, environmental protection is enshrined in the Constitution and sustainable development is a corner stone of Vision 2030. The integration of the principles of sustainable development into national policies is further supported by various key international and national legal instruments and policy documents, including Namibia’s Green Plan, the Agricultural and Drought Policies, and the National Land Policy.

Additional operational frameworks include the Nature Conservation Ordinance, the Nature Conservation Amendment Act, the Game Product Trust Fund Act, the Namibia Tourism Board Act, the Forest Act, the Marine Resources Act, the Aquaculture Act and the Namibia Environmental Investment Funds Act. In draft form are the Environmental Management and Assessment Bill, the Parks and Wildlife Management Bill, the Integrated Pollution Control and Waste Management Bill, and the Access to Genetic Resource Bill.

Priorities for Development Assistance:

- Strengthen the technical, institutional and organisational capacity of national environmental agencies;
- Conservation and management of biological diversity within the coastal regions of Namibia;
- Support to establish a fully functional climate change programme, and to develop a comprehensive policy and set research and priorities;
- Boost available funds for maintenance and improvement of Namibia’s natural capital and analyse options for further optimising the socio-economic benefits from natural resources;
- Technical assistance to strengthen collection, maintenance and analysis of environmental statistics
- Enhance biodiversity conservation through improved information and the policy environment. Extending the protected areas network and improve environmental and economic management.
- Support Government programmes to reverse land degradation through afforestation, combating of bush encroachment and planning of sustainable land use.
- There is increasing attention towards meeting trans-boundary conservation and resource-sharing challenges through co-operation with neighbouring countries on planning and managing shared river basins, ecosystems and migratory species.

Namibia is a country with typical desert conditions; dry with high variation in rainfall and the distribution thereof. Occurring along the south-western coast of southern Africa the climate is influenced by the cold Benguela Current that flows northward along the coast. However, it is Namibia's geographic location overlapping three major climate systems (re: Intertropical Convergence Zone, the Subtropical High Pressure Zone and the Temperate Zone) that dictates the climate. Altitude in the country range from sea level to a height of 2 606m with the interior basin averaging an altitude of 1000m.

The total land area is 824 268 km² of which much is exposed bedrock with huge deposits of sand in the Namib and Kalahari Deserts. Mineral resources include gold, diamonds, uranium, coal, zinc and copper while offshore fossil fuels comprise oil and gas.

Rainfall in Namibia is known to be meagre and temporally and spatially extremely variable. Variation in annual rainfall ranges from average of 600mm per annum in the northeast to 25mm per annum in the southwest. This characterises the spatial distribution in a northeast to southwest gradient. The majority of Namibia receives summer rainfall between October and April with January, February and March constituting the heart of the rainy season. The remainder of the year is characteristic if virtually no rainfall except for the south-western parts which receive rain during the winter months (May to August). Water is an extremely scarce resource in Namibia and currently characterised as the number one limitation to development. The hot and dry climate is responsible for high evaporation rates that give the country a water deficit that mimics the spatial distribution of rainfall. Only 1% of rainfall replenishes groundwater aquifers. To ensure sustainable utilisation and avoid possible groundwater pollution such resources need to be monitored frequently and managed carefully. The main perennial rivers occur along the southern and northern borders of the country and include the Orange (southern), Zambezi, Okavango, Kunene and the Kwando-Linyanti that crosses the Caprivi Strip in the northeast. Rivers, springs, oshanas (temporary water bodies that form after rains) and the pans in the interior of the country are not permanent but are a valuable source of water nonetheless.

Agriculture is a popular activity that is conducted on large commercial, subsistence and small commercial scales. This industry is dominated by livestock farming and dry-land crop production. Agriculture is a substantial contributor to the GDP of the country and a significant livelihood provider to the majority of Namibians who depend on subsistence farming. Cattle farming is a big revenue earner followed by pearl, millet, sunflower, sorghum, wheat and fruit cultivation (in no particular order).

The natural resources basis of the country comprise large array of biodiversity (inclusive of woodlands and wildlife), mineral deposits, a small area of arable land (2%) and a large area of arid rangeland. The surface area of the country is characterised by 5 biomes that are further subdivided into 29 broad vegetation categories. Tourism is one of the top five GDP contributors and relies heavily on the abundance and distribution of wildlife and the spectacular unscathed landscapes Namibia offers. The protected area network (PAN) in Namibia currently amount to 22 % of the total surface area due per country. Land tenure is divided into three categories re: freehold (42% of total land area), communal (38% - government owned land) and state owned (20% - used for specific government purposes).

The fisheries and fish processing sector, although a variable contributor to GDP, remains important socio-economically. Fisheries is dominated by demersal species such as the valuable Cape hakes and adult horse mackerel; the pelagic industry that depends on pilchard and sardine catches and high value crustaceans such as crab and rock lobster. Namibia's fish stocks have shown varying degrees of recovery from severe pre-independence over fishing. Following independence the poor performance of the pelagic industry is attributed to adverse periodic environmental conditions and El Niño events. Marine and freshwater aquaculture currently ranks high on the Ministry of Fisheries and Marine Resources' priority list as a measure to sustain Namibia's position as a player

in the global seafood production industry and to secure livelihoods of thousands of people working in the sector.

The “Integrated State of the Environment Report” of 2004 identifies the following key environmental issues:

- Land degradation and desertification
- Status of biodiversity
- Water availability and quality
- Status of selected natural resources
- Pollution and toxins
- Water and littering
- Greenhouse effect and ozone depletion
- Social issues in relation to the natural environment
- Economic issues in relation to the natural environment

For each of above issues the “Pressures”, the “Status” and the “Responses” are described in detail in the “Integrated State of the Environment Report” of 2004.

A total of 43 National Core Set of Environmental Indicators (NCEI) have been established for environmental monitoring purposes.

Although bold and progressive steps to address environmental issues in Namibia have been taken by responsible Government Authorities, a lot still needs to be done, particularly in the area of updating legislation to enable effective law enforcement.

8.3.4 Migration profile

The central theme that underpins this research is the continued survival of poor populations in the face of constraints on rural productivity, limited industrial growth and few formal sector employment opportunities, which are all characteristics that are associated with persistent poverty.

Although Namibia enjoys positive economic growth, there is widespread rural and urban poverty, high population growth, limited rural and urban resources, and high levels of rural-urban migration. Social welfare is also limited and unemployment is high. How then do the poor survive? On-going studies⁴³ of Windhoek, the capital city, show that high levels of migration are responsible for increased social and economic reciprocity between rural and urban households, and that it is the flow of food produced in the rural areas that is central to the survival capacity of poor urban households.

⁴³ Dr. Bruce Frayne, Migration and food security in Namibia, Social Sciences and Humanities Research Council of Canada, to be finalised in 2005