Sida

APRIL 2004 • EMBASSY OF SWEDEN, NAMIBIA

Sida Country Report 2003

Namibia

Table of Contents

Published by Sida 2004
Department for Africa
Production: Printed by Edita Sverige AB, 2004
Art. no.:SIDA3841en
This publication can be downloaded/ordered from www.sida.se/publications

1. Summary

Poverty prevails for the majority of the population in Namibia. Not only does it prevail, but it is also on the increase due the to HIV/AIDS pandemic, which pushes more and more households into poverty. The pandemic is estimated at 23% of the adult population and young girls are over-represented in the group of newly infected individuals.
Namibia is classified as a lower middle-income country. The GDP per capita in 2001 was USD 1669, but the income distribution is extremely skewed. The Gini-coefficient of 0,7, is one of the highest recorded worldwide.

The Government continues to allocate over 40 percent of the state budget to the social sectors, as a means of combating poverty. However, there is a considerable amount of inefficiency in the system and the majority of the expenditures within the sectors are staff salaries. There is a need for a public sector reform but the Government has so far been hesitant to introduce concerted measure to increase efficiency within the public sectors.

However, during 2003 the Government strengthened its policy to combat poverty. A review of the National Development Plan 2 (NDP2) was initiated and linked the three-year rolling Medium Term Expenditure Framework (MTEF) and the Performance and Efficiency Management Programme (PEMP) and the Medium Term Plans (MTP), as instruments to increase the knowledge of Government expenditures and priorities.

The political development in Namibia is mainly characterised by the up-coming president elections due to take place in November 2004. SWAPO will hold an extra party congress in May 2004, where the president candidate will be chosen.

The economic growth was around 3 percent during 2003 and inflation has fallen to 5–6 percent during the year. In the revised budget, presented in October, it was announced that the budget deficit would increase from 3 to 4 percent. Budget cuts can be expected in the annual budget for 2004. It is estimated that around 35 percent of the workforce are unemployed and that approximately 90 percent of the unemployed are young people.

During 2003, the Embassy developed a country strategy for Namibia for the period 2004–2008, which is a phasing out strategy and aims to discontinue the current bilateral development co-operation and promote broader relations between the two countries.

2. Strategic Country Development Trends

2.1 Poverty Reduction

Trends in the poverty situation in the country

Namibia is characterised by a high proportion of the population living in poverty. GDP per capita was USD 1669 in 2001, which classifies Namibia as a lower middle-income country. However, income distribution is extremely skewed and the GDP per capita indicator conceals contrasting wealth and poverty. The Gini-coefficient, 0,7, measuring inequality in the country, is one of the highest recorded worldwide. About 70 percent of the total population derive its livelihood from agriculture. Approximately 40 percent of the population live below the poverty line. Poverty is most prevalent in rural areas, where 85 percent of the poor are found and especially among female-headed households, which approximately earns half of the income that male-headed household earn. Poverty is also prevalent in peri-urban areas on the outskirts of major urban areas.

According to the Human Development Index (HDI, 2002), Namibia ranks above the average in comparison with other sub-Saharan African countries. The ranking takes into account the relatively high GDP per capita, high education index (0,81), adult literacy rate (82 percent) and a low life expectancy index (0,42). Even so, Namibia's social indicators are not significantly above sub-Sahara average despite the impressive allocations to the social sectors. The HDI obscures also marked differences amongst groups in society, the San communities' i.e. are by far the groups with the lowest HDI.

Namibia is ranked 57 out of 174 in the 2002 Human Poverty Index (HPI) measurement. The ranking was based on the national non-survival rate to age 40 (46 percent), adult illiteracy rate (18 percent), people without access to safe water (23 percent), population with insufficient nutrition, water and health (24 percent) and under-weight children under age five (26 percent).

Unemployment in Namibia is estimated to 35 percent if using the broad definition of unemployment. The figure may in reality be higher, especially in certain areas of the country. Of the total unemployed population, 90 percent are youth. The combined unemployment and under-employment rate in this group is estimated at between 60–70 percent. Youth is also considered an at-risk group for attracting HIV.

Food security and lack of water remains a serious health problem in rural areas as well as low-income urban areas. For urban households food

insecurity is often related to unemployment, low-paid employment or underemployment. In rural areas poor people usually depend entirely on access to natural resources for their survival and livelihood.
The overall trend today in Namibia is that the persisting poverty is increasing rather than diminishing due to the consequences of HIV/AIDS and the pandemic is threatening several of the development goals of the country

Social development
Domestic violence, violence against women and children is an increasing social problem throughout urban and rural Namibia. It is estimated that 20 percent of all violent crimes in Namibia occur in the form of domestic violence. During 2003, newspapers carried daily accounts of women and children being violated, even murdered, and the reported cases are most likely only a fraction of violence against the rights of women. The issue of "sugar-daddies" – the fact that older men have relationships with young girls, often schoolgirls, has been debated in the media.
After a heated debate and objections, mainly from male parliamentarians, the Domestic Violence Bill came into force in November 2003. The issue of domestic violence was debated intensively during the year and several public protests took place against the increasing violence against young women.

The violence and abuse against women and children is often coupled with the high level of alcohol abuse among adults and youth. The alcohol production and consumption has increased significantly. It is reported that up to 30 percent of the population abuse alcohol, especially during weekends. Alcohol-related hazards accounted for as much as 30 percent of the annual operational budget of the Ministry of Health and Social Services (MoHSS) in 2002/2003.

The dominant family pattern in Namibia is still the extended family. But due to HIV/AIDS, urbanisation and overall social change, it is coming under increasing strain. Many families are under stress and an increasing amount of children are not growing up with their biological mothers or fathers, which can have severe implications for their development, both emotionally and physically.

Elderly are becoming a new group of excluded poor. The Social Welfare Policy has four main categories for national pensions or state grants – Old age grants, Disability grants, Child maintenance grants and Foster parents' grants. Coverage in the old age category is estimated at 95 percent, whereas coverage especially in the maintenance and foster parent grants are very low. The National Pension scheme is based on a flat rate; non-contributory and non-taxable grant transfers regardless of other income, for rich and poor alike. Government is presently reforming its Pension Schemes. Particularly the increase in orphans and vulnerable children due to HIV/AIDS will present difficulties in order to ensure adequate social protection coverage.

Development planning and poverty reduction
The overall development goals of Namibia are reflected in the current National Development Plan 2 (NDP 2) for 2001/2002 – 2005/2006. The goals are to promote sustained economic growth, to create employment

opportunities, to reduce inequalities in income distribution, and to reduce poverty. The specific targets for poverty reduction are to reduce the proportion of the poor and severely poor households by 5 percent respectively in 2006, to reduce the HPI by 10 percent, and to reduce regional differences.

The National Planning Commission took the initiative of formulating an integrated Poverty Reduction Strategy (PRS) for Namibia in 1998, mid-way through implementation of the NDP1. In 2001, a National Poverty Reduction Action Programme (NPRAP) was elaborated for the period 2001–2005 to ensure the implementation of the PRS. The priorities and strategic areas identified in the PRS, are further developed in the NPRAP and the importance of transparency, accountability, good governance, gender sensitivity and public participation in poverty reduction efforts, are highlighted.

Status in the implementation of the PRS

The Poverty Reduction Strategy (PRS) focuses on three areas of concern:

– How to foster more equitable and efficient delivery of public resources in the context of Namibia's commitment to regional decentralisation of poverty reduction countrywide?
– How to accelerate equitable agriculture expansion, including consideration for food security and other crop development options?
– Options for non-agriculture empowerment, including an emphasis on informal andself-employment options.

The NPRAP is elaborated on the PRS and in February 2003, the Swakopmund Round Table Conference on NDP2 – a stakeholder consultation that included all the development partners, was organised by the Government.

During the later part of 2003 a review of NPRAP was initiated and development partners were invited to participate. The review was also linked to the adoption of the MTEF (Medium Term Expenditure Framework 2003/04 – 2005/06) and PEMP (Performance and Effectiveness Management Programme) and Medium Term Plans (MTP) instruments that all coincide to improve and control the planning and expenditure of the state budget allocations and priorities.

The National Planning Commission (NPC) has during this year set up a special Poverty and Equity Unit which is in charge of directing, co-ordinating and monitoring the implementation of the NPRAP. The Embassy is giving support to the Unit through UNDP and the objective of the support is to mainstream gender and HIV/AIDS into the National Poverty Reduction Action Programme (NPRAP).

On the whole, several development policies, plans and structures are in place in Namibia for the Government to take on a more coherent and efficient poverty reduction programme, but all too often, efforts seem more to be focused on reviewing plans rather them implementing them.

Development in the implementation of the Millennium Development Goals

With regard to the Millennium Development Goals, Namibia is facing a severe challenge in trying to reach some of them in 2015 mainly due to the HIV/AIDS pandemic. The country is far behind in the process of halving the number of people suffering from hunger and shortfalls, in terms of child survival and maternal health. As for primary education enrolment figures and eliminating gender disparity to access to the education system, Namibia is doing well according to UNDP.

HIV/AIDS situation

The HIV/AIDS pandemic is the main challenge for the development of Namibia today. The estimated prevalence rate among the adult population (15–49 years) is 23 percent, and Namibia is ranked among the five most affected countries in the region. The prevalence rages from a high 43 percent in Katima Mulilo, Caprivi to a low of 9 percent in Opuwo, Kunene.

The pandemic cuts across all segments of society, but women are over-represented in the group of newly infected individuals and become infected at a younger age.

The demographic pattern has changed as a result of the great number of people in the age-group 25–50 years dying from aids. Life expectancy at birth, which had climbed to over 62 years in 1995, is now estimated to have fallen to 45 years. The increased adult mortality has caused a dramatic rise in the number of orphans that will have an immense impact on the under-five children and younger generations. Currently estimated at 82 000, it is predicted that Namibia will have 118 000 orphans by 2006.

Stigma and discrimination against people living with HIV/AIDS is common and this has probably resulted in decreased amount of people wanting to take an HIV tests. For many in Namibia today, it may seem like a better option not knowing if they carry the virus, than exposing him or herself to discrimination and exclusion.

In January 2003, Namibia obtained a contribution from the Global Fund on HIV/AIDS, Tuberculosis and Malaria of a total of 113 USD Million during five years. The main bulk of the funds will be used to mitigate the social and economic impact of the HIV/AIDS pandemic.

The Ministry of Health and Social Services has during the year led the work of Namibias Country Co-ordinating Mechanism for the Global Fund to fight HIV/AIDS, TB and Malaria (NACCATUM). The first disbursement is expected in April 2004. The main bulk of the support will go to treatment. The Ministry of Health and Social Services plans to sign an agreement with 31 implementing organisations (NGO, ministries and private business) in the beginning of 2004.

In April 2003 the external review of the Second Medium Term Plan on HIV/AIDS was finalised and it will be used as a guideline for the usage of the funds from the Global Fund.

The Namibian business community has in response to the MTPII, launched the Namibia Business Coalition on AIDS (NABCOA) in June 2003. The objectives of NABCOA is, amongst others, to co-ordinate and facilitate the activities of business actors to pool their resources and skills to best address HIV/AIDS both at the workplace and in the community.

The American Bush-initiative to combat HIV/AIDS was launched during 2003 and it has been indicated that Namibia will receive about 20 Million USD in 2004.

The Minister of Health has during the year expressed a will to start a local production of Anti-retroviral medicines to increase the access of anti-retroviral (ARV) drugs in Namibia.

National Budget: priorities in relation to poverty reduction

Namibia continues to allocate almost 40 percent of the national budget to the social sector i.e. education, health and pensions. However, there seems to be a considerable degree of inefficiency in the system. The World Bank study (Human Capital Development for Economic Growth and Equity) on the education system, shows that school results are poor in relation to Governments high spending to the sector, even compared to other countries in the region that that allocate less to the sector. Some ministers have commented on the lack of efficiency within the education sector that this needs to be dealt with, to be able to ensure economic sustainability of the sector. In the health sector there are major constrains, an increased amount of people that need to be cared for, high turn-over of staff – many leave for better jobs but also due increasing amount of health workers also are becoming HIV positive.

2.2 Macro-economic Development

Namibia has since independence followed conservative and cautious Government economic policies. Macro-economic stability has been given priority and Namibia does not suffer from a high foreign debt like many other countries in Africa. Namibia has pursued a very cautious policy when it has come to borrowing. 2003 was no different from this pattern. It is expected that GDP increased by around 3 percent in 2003, but figures are not yet presented as to the actual outcome. Inflation during 2003 has fallen from previous level to around 5–6 percent. Interest rates have been reduced substantially during the year.

A new Minister of Finance was appointed in May. The Minister presented a revised budget in October and announced that income for 2003 will be less than expected. This means that the budget deficit will increase from 3 to 4 per cent of GDP, and many projects will have to be put on hold. This shortfall in income is first of all attributed to the strengthening of the Namibian dollar (pegged at 1:1 to the South Africa Rand), which means that Namibia received less income from its export products like diamonds and other mining products. The Rand gained as much as 35 percent in value during the year in relation to currencies such as the USD.

During the year it was confirmed by the Bank of Namibia that Namibia stands to loose income under the revised SACU Agreement. On the other hand, Government expects that the start of the Scorpion zinc mine and refinery will affect GDP positively. There is also hope that efforts in making Namibia an investor-friendly country will bear fruit as well as the start-up of the long-awaited Development Bank of Namibia. The role of the latter will first of all be to finance long-term industrial projects.

There is still an obvious need to review the parastatal sector, since many of the state-owned companies are a burden on the national economy. Efficiency will need to be improved greatly at many of them. Air Namibia is still in Government's hand and all efforts at selling, leasing or entering into other forms of cost-reducing arrangements have fallen through. It does not seem likely, at this stage, to expect any major steps to be taken towards any major review of the state companies, no less towards privatisation in any form.

Tourism was the fastest growing sector of the economy in 2003, and the potential for even further increases is generally recognised. If this is to take place, however, several investments will need to be done, in new hotel facilities, logistics will need to be improved and Namibia will have to upgrade its capacity to provide a good and reliable service level for the incoming tourists.

2003 was also a year when Namibia was hit by a severe drought in the northern parts. Government had to allocate emergency funds to meet the needs, but there was still a shortfall, which made Namibia request humanitarian assistance from the international community. An assessment was made in December by an interagency UN Team, which arrived at the general conclusion that the situation was serious, but that no immediate crisis due to the drought could be verified.

Just in the month after, in January 2004, Namibia received huge rainfalls in the central and northern parts of the country, changing the situation from drought to flooding. In some parts of the country, e.g. Windhoek, it had not rained so much since the early 1930's.

During 2003, the building of a New State House entered an advanced stage, and it is obvious that the undertaking is going to be much more costly than expected. Figures as regards the total cost vary considerably, but the sum of 500 million Namibian Dollars is often used as an approximation. Many observers in the media and opposition parties have expressed criticism against the fact that the building of the State House takes place while substantial groups of people in the country have difficulties feeding themselves. Government, however, has defended its project, and claimed that it must be seen as a long-term investment.

2.3 Political development[1]

The upcoming presidential elections

The question, which has been asked in many various ways, is if President Nujoma will be a candidate despite the fact that he has repeatedly indicated that he will not make himself eligible again. Speculations have been rife as to possible other candidates, if President Nujoma should not make himself stand. It does seem very likely that the President is serious in his statement that he will leave. If so, it seems that the present Minister for Lands, Resettlement and Rehabilitation Pohamba, presently also Vice-President, is likely to be the candidate favoured by President Nujoma. Another possible candidate is the present Minister of Foreign Affairs Hamutenya. The matter is likely to be resolved in time for the extra SWAPO party congress, scheduled for May 2004.

Misuse of public funds.

Many scandals have surfaced during the year, and some of the most prominent examples are the large-scale financial irregularities that have taken place at the Social Security Commission and the Road Fund Administration and the Roads Authority. There are also other examples that have reached the public light.

Special investigations have been instituted, but it is unclear what they will result in, if anything. Many critical comments have been raised in the

1 The main responsibility for political reporting on Namibia lies with the Embassy of Sweden in Pretoria.

media about a seemingly substantial increase in Namibia of mal-administration, misappropriation and outright corruption in the public sector.

Corruption and measures taken by Government

For a few years has Namibia been ranked the second least corrupt country in Africa, after Botswana, and number 30 out of 102 countries according to Transparency International's Corruption's Perceptions Index (CPI). In Transparency International's CPI report for 2003, Namibia has dropped 11 places on the Global Corruption Perception Index, now being ranked number 41. This means that Namibia is now the third least corrupt country in Africa, after Botswana and Tunisia.

The drop is attributed to delays in establishing an anti-corruption commission and an asset register for parliamentarians. With the passing of the Anti-corruption law in August, an anti-corruption commission has been established with powers to arrest, search, seize and summon. Since prosecution is not included in the Commission's powers, it has to pass on gathered evidence to the Prosecutor General or any other appropriate authority.

The land reform process

The matter is constantly present in Namibia, and does surface every now and then in public presentations by political leaders at different levels and when the President makes statements.

The actual process of change in ownership to land is slow, and there has so far not been any comprehensive plan for transformation of the overall situation with an absolute majority of land still owned by white farmers. There is widespread frustration on the slow process of change, and some groups in the country, e.g. the unions, display more militant attitudes. In November, the Namibia Farm Workers Union (Nafwu) announced plans to occupy 15 privately owned farms, for what it termed "land-sharing" purposes, but the ruling party declared that any such attempts would be met with direct force. The President and other representatives of Government have repeatedly declared that the land reform will strictly follow the law. Nafwu backed down, but only that its plans were not scrapped, but rather postponed.

The first steps in the direction of the formulation of a an overall plan for Land Reform were taken in August 2003, when a Permanent Technical Team was set up with the objective of producing a Land Reform Action Plan. The Team will present its plan in the middle of 2004. It is most likely that the issue of land reform will be high on the political agenda during the election year 2004.

Namibia's positions on different regional issues

Namibia attaches great importance both to regional and international organisations, but it has during 2003 decided to leave COMESA, which it does not find being of any additional value in relation to SADC and SACU. Namibia is a strong supporter of AU, but the enthusiasm for Nepad is mixed. Namibia rejects participation in the Peer Review Mechanism, even if it seems obvious that Namibia would probably come out quite well of such an assessment.

As regards Zimbabwe, the Namibian view is unchanged. Namibia is still strongly supporting President Mugabe and ZANU-PF, and no reservations in this stand have been forthcoming during the year. Concern is, however, expressed at more informal levels and discussions. It is obvious that there is particular concern in Namibia about the negative economic impact that the situation in Zimbabwe has on all countries in the region southern Africa.

Governance reforms
Namibia has approximately 90.000 civil servants. With a total population of approximately 1.800.000 people, the ratio is 1 civil servant per 20 inhabitants. The same ratio for Sweden is approximately 1:30. The public sector is characterised by inefficiency and lack of qualified and competent staff, which affects Namibia's development co-operation with donors. Very often it is necessary for the top management to be involved in practical programme issues, such as writing reports, so as to satisfy different donors' demands on follow-up of the use of foreign funds. This contributes to the already existing inefficiency.

Sida has, since the early 1990's, provided capacity building support to two public sector institutions; the Central Bureau of Statistics and the Office of the Auditor General. This is, by no means, enough to transform the whole Namibian public sector, which is needed. The Government has been hesitant in introducing a general public sector reform, and only a few specific measures have been initiated.

Situation regarding human rights
Namibia has ratified a number of international conventions on human rights, amongst them the Convention against Torture and the Convention against Ethnic and Racial Discrimination. Namibia is a formal constitutional democracy with a constitution that is, by many countries, considered to be one of the most democratic in the world and which respects most of the basic and fundamental human rights. It has a functional legal system, no death penalty, and (officially) no child labour.

Freedom of speech is enshrined in the constitution and the media is, compared to many other countries in the region, well developed. In general terms, the independence of the media is respected by Government. However, in recent years the Government and the ruling party SWAPO have criticised independent media for being (negatively) biased against the Government. It seems though that this criticism has not substantially affected the reporting of the independent media.

The constitution prohibits discrimination in general terms but does not make any specific mentioning of discrimination against homosexuals. However discrimination against homosexuals in the working life is prohibited.

The president has on numerous occasions, verbally attacked homosexuals and homosexuality which, according to him, is against human nature and has to be fought. However, repercussions in the form of physical harassment have not taken place.

2.4 Development Co-operation and partnership

General trends – main partners, total volume, trends in mode of cooperation

The European Commission (EC) is the largest donor to Namibia followed by Germany. In the preparation for a new National Indicative Programme 2002–2007 (9th European Development Fund/EDF), a country strategy evaluation was made to look at the relevance, effectiveness and impact of the EC assistance under the 8th EDF, and to make recommendations for the preparation of the new strategy. The study found that the sector programmes in agriculture, education and health were highly relevant for poverty reduction, while the creation of an appropriate policy environment in the productive sectors was substantially relevant. A new five-year agreement of Euro 91 million was signed in 2002 with the Government and during 2003 the EC disbursed Euro 27.3 million.

Germany's assistance rests on the two pillars technical and financial co-operation. Under these two headings, Germany is involved in several areas such as; advisory services to Namibian ministries, infrastructure development, small enterprise promotion, legal capacity building programme, AIDS control project, and environment protection. In 2003 Germany disbursed Euro 18,6 Million.

Finland's support to Namibia is focused on health, rural water supply, the environment and decentralisation. In 2003 Finland disbursed Euro 2.4 Million. Finland is now in the process of transforming its development relations with Namibia and the grant aid is scheduled to come to an end by 2007.

USAID has recently decided to extend its presence in Namibia for an additional period to 2010 (instead of the planned closeout in 2005). Focal areas are community-based natural resource management, education and democracy programmes, HIV/AIDS, and private enterprise development. USAID disbursed 14 MUSD during 2003 and half of the support were channelled to combat the HIV/AIDS pandemic.

Several other donor countries have over the last years taken decisions to reduce their assistance to Namibia. Norway phased out its support during the end of 2003. DFID is in the process of changing its support to Namibia from a bilateral relation to a regional partnership. The Netherlands has gradually concentrated its programme and will phase out in 2005.

Ownership, partnership relations, donor co-ordination and harmonisation, major partner meetings Round Table meetings

The Government of Namibia invited all stakeholders and development partners for a round table conference on the NDP2 in February. The Swakopmund Round Table Conference was the official launch of the NDP2 and to consider development progress and the intentions to move to sector planning. It was also an opportunity for a dialogue at the highest level on poverty reduction and implementation issues.

Regarding donor co-ordination and information-sharing takes various forms both formally and informally, where special within the NGO community there are several informal meetings taking place.

The EC is the lead donor within the Education Sector and co-ordinates the development partners, especially in preparation of the ESPAG – stakeholder and donor meetings with the Government.

Within the sector of HIV/AIDS – the Partnership Forum – is lead by the UN Theme Group on HIV/Aids and co-ordinates the stakeholders and the development partners.

Key issues in dialogue with Namibia and between development co-operation partners

Key dialogue issues between Namibia and its development partners during the year were the challenge of the persisting poverty and of HIV/AIDS. For example, Sweden has participated in the dialogue on NPCS initiative to set up a Poverty Reduction Unit, which will strengthen the implementation of the NPRAP.

Among the donors, the key dialogue issues have been the persisting poverty situation, the slow pace of implementation, food insecurity and the increasing levels of corruption. The donor community is concerned about the fact that the poverty does not seem to decrease, even though a poverty reduction strategy and an action plan, amongst other policies, are in place. Implementation is too slow, it needs sufficient resources, human capacity and to be accelerated. Most donors agree that, due to political reasons, a land reform is necessary. This land reform however, should not be carried out at the cost of food security.

Major events in the EU development co-operation with Namibia

In September 2003, Sida and EC signed an agreement with the NPC for a four years support to the two ministries of Education – the Education Sector Programme (ESP). The joint support is a sector support, based on the ministries strategic plans and channelled trough the State Revenue Fund. It is the first time that the EC has entered into a sector support with a Government and worked so closely to with a Member State.

The EC is the lead donor within the Education Sector and a Statement of Intent was signed by 14 development partners and indicates the commitment to move towards a sector approach to education planning and development, focussing on Government priorities and the use of a common system for reporting.

A feasibility study has been undertaken by the EC to prepare for a comprehensive Rural Development support and the member states have been given the opportunity to comment on the feasibility study.

3. The Swedish Development Co-operation

3.1 Strategic Assessment and Considerations

When assessing the relevance of the country strategy in relation to the development of Namibia, one should keep in mind that 2003 constituted the last year of the country strategy 1999–2003 and its Mid-Term Review (performed in 2001). The process of elaborating a new country strategy (2004–2008) was continued throughout the year. Even though this document is yet to be decided upon by the Swedish Government, it is related to in this Report since it forms the basis of Sida's assessment also during 2003.

The relevance of the country strategy 1999–2003 and its Mid-Term Review is, amongst others, reflected by the decision by Sweden to 1) increase the support to combat HIV/AIDS, 2) strive towards a SWAP support to the education sector, and 3) increase support to Government structures and intensify the dialogue on democratic governance and human rights. In terms of other Namibian challenges such as job creation, Sweden's strategy has been less relevant. The Mid-Term Review recommends that support 1) to promote investment and trade be discontinued and 2) to discontinue to support the private sector development.

The country programme is generally in line with the areas highlighted in the country strategy and has been adjusted to adhere to the recommendations in the Mid-Term Review. The current development co-operation between Sweden and Namibia is also of relevance to the overall development of Namibia. The sectors supported are deemed by Namibia to constitute some of the crucial challenges ahead and Sweden has chosen to focus and concentrate its support to areas, which are considered to be of strategic importance.

Overall, the effectiveness of the programme seems to have been satisfactory. Challenges identified by Namibia form the starting point, and Swedish support has, as stated in the country plan, to a large extent been integrated into Namibia's own efforts towards national development. Sida's support and areas of strategic importance are discussed and agreed upon in dialogue with the NPC.

During 2003, a Performance Analysis was conducted (looking specifically at the period 1999–2001), which shows that several of the Swedish programmes have contributed directly or indirectly to poverty reduction.

For example, the programme aimed at setting up national conservancies allowing local communities to take part in decision making in their respective areas and to take advantage of local income-generating opportunities. Another example is the support to the Poverty Reduction Unit at NPC, with the aim to increase the effectiveness of poverty reduction in the country. Also, the increased support to combat HIV/AIDS, and efforts to include and mainstream HIV/AIDS in each sector is a means to slow down the impact and further spreading of the disease, thereby preventing a further increase of poverty.

Sweden has been an active and persistent partner in the dialogue with Namibia, on matters directly relating to democracy, human rights, transparency and accountability. Swedish programmes and projects have contributed to improving democratic governance within the public sector, to make it more transparent and accountable. Furthermore, support to non-Governmental organisations such as the Legal Assistance Centre and Forum for the Future is essential in order to encourage public debate on issues relating to democratic governance. The Swedish support to the education sector directly relates to democracy through reaching out to more learners and providing equally good education for all.

Over time and as a whole, the programme is therefore considered sustainable. Sida's view is that it has contributed positively to Namibia's enhanced management of public funds, provided a broader arena for actions on human right issues and supported awareness raising and capacity building, amongst others in the field of education, HIV/AIDS and environmental sustainability.

Efforts have been made to integrate gender equality aspects in programmes and projects receiving Swedish support. For example, activities related to the combat of HIV/AIDS include a gender dimension. The special situation and problems facing the girl-child, not least with regard to HIV/AIDS and education, have been emphasised. During the preparation and start up phase of the SWAP in 2003, issues such as gender, HIV/AIDS and sustainability were put high on the agenda.

There is a relatively high degree of environmental awareness in Namibia, from the single individual to institutions in the public and private sectors. The importance of an environmentally sustainable development is also put forward in the NDP 2, as, in a semi-arid country like Namibia, being not only crucial per se but also an essential prerequisite for economic growth. Most programmes and projects supported by Sweden have the capacity and the skills to make their own environmental assessments.

Sweden's country strategy for Namibia 2004–2008 is a phasing out strategy, with the aim to discontinue the current bilateral development co-operation in the form of grants. At the same time, Sweden will during the period promote broader relations between Sweden and Namibia, relations built on mutual interest and benefits. The above has to be taken into account when assessing considerations, adjustments and alternatives ahead.

The main challenge ahead is to ensure the sustainability of the programmes and projects in relation to previous results and impact and in relation to Namibia's development. In fact, sustainability of the Swedish support is at the core of the new country strategy, where an open-ended and flexible dialogue with partners is going to be crucial. And as stated in the Country Plan for development co-operation with Namibia 2004, such a dialogue to ensure sustainability of the present programme was initiated already during 2003.

3.2 Brief portfolio review

The main areas for the Swedish development co-operation to Namibia are the Education Sector, Democratic Governance and Human Rights, combat of the HIV/AIDS pandemic, and management of Natural Resources.

The Embassy disbursed 99,8 percent of the planned 75 MSEK development co-operation budget during 2003. The Education sector disbursed 21,3 MSEK, Good Governance 22,5 MSEK, Natural Resource Management 7,5 MSEK, to combat HIV/AIDS 7 MSEK, and other areas 10 MSEK.

The Embassy has started with internal Rating seminaries for the programme officers during 2003, and plans to start rating the development co-operation portfolio early 2004.

3.3 Follow-up of each major area

Education Sector Support

The preparation of the joint Sida and EC Education Sector Support to the two Education Ministries MBESC (Ministry of Basic Education, Sports and Culture) and MHETEC (Ministry of Higher Education, Training and Employment Creation) was finalised in September and signed an agreement with NPC. The new Sida Education Sector Support amounts to 120 MSEK during an agreement period of four year, which is the same period as the EC – agreement. The support consists of two components i) 110 MSEK to an non-earmarked sector support and ii) 10 MSEK to an Institutional Strengthening and Capacity Building Facility.

The Namibian Government established an Inter-Ministerial Task Force in September 2002 in order to facilitates the preparation and the follow-up of the support. The Task Force has met every second week during 2003 and consists of both Ministries of Education, Ministry of Finance, National Planning Commission, which has chaired the meeting, as well as Sida and the European Commission. A Facility Steering Committee has also been established that shall supervise the capacity building within the sector.

Three ESPAG – Meetings (Education Sector Policy Advisory Group) and a Joint Annual Review for the whole sector were held during 2003. The Permanent Secretaries of the two Ministries now co-chair the ESPAG-meetings and the group consists of the MBESC, MTHEC, MoF, Ministry of Women Affairs and Child Welfare, NPCS, Office of the Prime Minister, development partners and NGO representatives. During the Joint Annual Review in September it was decided that sector performance would be assessed against thirteen key sector indicators.

The two Ministries launched a National Policy on HIV/AIDS for the Education Sector and they have also established the HIV/AIDS Management Unit (HAMU), staffed by the two ministries and HAMU will focus for co-ordination and monitoring.

In March 2003, the Embassy arranged together with the National Planning Commission a "Sector Wide Approach and Public Financial Management Seminar". Over 60 persons participated, from different Ministries and development partners. The seminar was led by Stefan Sjölander, who also undertook a Financial Management study related to the feasibility of the SWAP and of the Namibian Public Financial System.

During 2003, the World Bank arranged together with the Ministry of Higher Education, several national forums that introduced the study "Human Capital Development and Knowledge Management for Economic Growth and Equity" which was financed by Sida, EC, WB and GRN. The aim of the study was to assess the readiness of the general education's sub-system to support Namibia's transition to a knowledge-based economy, as outlined in GRNs "Vision 2030" and analyse how to increase employment, accelerate economic growth, reduce poverty. The study involved many stakeholders in the Namibian society: the University, the private sector; most of the ministries as well as the regional Directors.

Democratic Governance

The Swedish co-operation with Namibia within the democratic governance sector was more or less progressing according to plan during 2003. 2003 saw continued analysis of data from the 2001 Namibian Population and Housing Census and in July the national census report was published.

The Namibia Household Income and Expenditure Survey could, after months of preparations, take off in September. The Survey will run for 12 months and involve more than 10.000 households.

A new three year agreement was entered into in December between Sida and the Office of the Auditor General. This third and last phase will continue to concentrate on capacity building in the audit office. A separate agreement between the Office of the Auditor General and the Swedish National Audit Office is expected to be finalised in early 2004.

Mostly due to postponement of local elections, the Joint Civic and Voter Education and Voter Registration Programme is running behind schedule. This programme is a co-operation between three implementing partners; the Electoral Commission of Namibia, the Legal Assistance Centre and the Namibia Institute for Democracy. The embassies of the Netherlands and Sweden and USAID are the funding partners. With local and general elections taking place in 2004, the Programme's implementing partners will be put to the test.

The respective agreements with the Legal Assistance Centre and the National Society for Human Rights expired by the end of December. Preparations for new three-year agreements are almost finalised. Sweden will, for this last three-year period, continue to provide core funding to the two democracy and human rights organisations. Forum For the Future, with which Sida has a three-year agreement, is working in accordance with agreed upon plans.

Sida has been, during most of 2003, busy assessing a possible support to implement an Integrated Financial Management System. Sida expects to be able to give feedback to its Namibian counterparts on this internal assessment by early 2004.

During 2003, the issue of a possible Advisor on Privatisation issues, requested by the Ministry of Finance, was finally settled. The original terms of reference for the Advisor and which had been of interest to Sida, was amended to such an extent that Sida finally informed the Ministry that no advisor could be provided by Sweden.

In December, Sida entered into a three-year co-operation on strengthening integrity and anti-corruption efforts in Namibia.
The co-ordinating partner for these efforts is the Namibia Institute for

Democracy.
In December, Sida also entered into a two-year co-operation for a Namibian Representative Study. The study will, amongst others, analyse representatives' views and perceptions on representation, legislative roles and linkages with constituencies. The Institute for Public Policy Research is responsible for this study. The survey is highly relevant in the light of the upcoming presidential elections.

The amount of schools connected to the Internet were, during 2003, fewer than planned. This is partly due to the already connected schools demanding connection and maintenance services from SchoolNet Namibia. Thus SchoolNet had to devote more resources towards solving problems at already connected schools, something that was not anticipated at the onset of the programme.

Transport Sector support
All funds remaining under the current agreement were released to the Roads Authority by the end of December. Most programmes have run more or less according to agreed upon plans during the past year. All activities are scheduled to be finished by the end of 2004.

The high-level HIV/AIDS study, submitted in August was discussed between the consultant Nepru, the Ministry of Works, Transport and Communication and the Embassy. The industry in Namibia had not been capable or willing to provide the information necessary for the study, thus the requirements of the terms of reference had not been met. During the annual consultations in November, Sida informed the meeting that it was disappointed in the outcome, but accepted the reasons mentioned above for not meeting the requirements of the ToR.

A presidential commission on suspected irregularities in the Roads Authority (RA) and the Road Fund Administration (RFA) started in the latter half of the year. This had, as is so far known, little effect on the cooperation between Sida and the RA, although some key staff was brought in to testify in the investigation. As a result of the investigation, some key staff could not attend the annual consultations in November. The Ministry's earlier submitted request for a full-time advisor to the Minister was turned down during the annual consultations. Sida had earlier informed the Ministry that it had had difficulties finding an advisor, with the qualifications needed, who was interested and available for a full-time assignment. In the meantime, the German Government informed both the Namibian Government and Sida that it could probably find the requested full-time advisor. To all parties involved, this was a positive solution.

In December, the proposed Swedish support to the establishment of a National Road Safety Agency and a five-year National Road Safety Plan was finally agreed upon.

Support to the Combat of HIV/AIDS
The main support is channelled through UNICEF and UNFPA for their joint programme "Meeting Young Peoples' Rights to HIV Prevention". The support consists of UNICEF:s programme "Adolescent HIV Prevention Programme". It has three components i) Communication for an Enabling Environment, ii) Capacity Development of HIV Prevention

Skills (which includes My Future is My Choice) and iii) Adolescent Participation in Friendly Health Service. The UNFPA programme goes to the University of Namibia to develop baseline indicators on young people´s sexual and reproductive health and behaviour, support to Ministry of Higher Education, and support of out-of school youth. In December 2003 the Annual Review between UNICEF, UNFPA, GRN and the Development Partners took place and the implementation of the programme was on the whole according to the earlier presented work-plans.

The Small Grants Fund for HIV/AIDS activities which is managed by UNAIDS has made a second and a third disbursement during 2003 to thirty-six new projects. A total of SEK 1 903 774 has been committed for disbursement to a total of 49 CBO´s and NGO´s in all thirteen regions of Namibia since the launch of the fund in October 2002. Projects that have been funded include activities such as community mobilisation, education and prevention, support, care and treatment, capacity building and institutional strengthening. The UNAIDS Secretariat will be submitting a Best Practise write–up on the implementation and activities of the Small Grant Fund for the inclusion in the UNAIDS website in 2004.

As been mentioned earlier, support has been channelled throught UNDP to mainstream the HIV/AIDS and gender dimensions into Namibia National Poverty Reduction Action Programme (NPRAP) and the Embassy has been invited to participate in the Steering Committee for this support.

Sweden has provided support to a long-standing partner, the Walvis Bay Corridor Group (WBCG) to assist in the establishment of an HIV/AIDS Helpdesk at its head office. The Help desk provides assistance to its member companies to implement HIV/AIDS Workplace programmes it the respective companies.

The organisation Lifeline/Childline has received support during 2003 and the organisation offers telephone counselling, trauma de-briefing and face-to-face counselling for children and youth. The organisation also provides a school programme that aims to equip young children with life skills on the areas of sexual abuse, HIV/AIDS and domestic violence – social problems that are on the increase in the Namibian society of today.

The Embassy of Sweden represents the Development Partners in the NACCATUM – Namibia´s Global Fund Programme to fight HIV/AIDS, TB and Malaria and also participated in the UN-Theme Group on HIV/AIDS – The Partnership Forum, which is created for information-sharing and co-ordination among the key stakeholders and development partners. The Embassy is also a member of the National Steering Committee on Youth Health and Development, chaired by UNICEF.

Natural resources management

All projects/programmes within this sector have been ongoing during 2003. Generally, an open-ended dialogue with regard to the Swedish phasing-out and transformation period has been initiated with most partners. The main focus in these discussions has been the issue of sustainability.

The support to the Department of Environmental Affairs (DEA), Ministry of Environment and Tourism (MET) on "institutionalisation of environmental economics" is currently in its second phase of a proposed three phase project (the last phase possibly being one year, i.e. 2005). The overall progress is according to plan, 3 out of 5 posts have been created at the DEA and the demand for services from the Directorate is high. However, the Government provision of the outstanding 2 posts are starting to slightly fall behind, which might jeopardise the sustainability. Consultations on overall sustainability and posts to be created have been initiated, as well as a dialogue on possible support for a third and final phase of the project.

Sweden is also supporting a project on "Natural Resource Accounting" at the Department of Water Affairs (DWA), Ministry of Water, Agriculture and Rural Development (MAWRD). This project is an indirect result of the above support to MET, where the DWA has taken over and is currently completing and updating a comprehensive set of accounts in water use and supply, and simultaneously, building capacity within the DWA. The first annual review meeting was held in November 2003 and overall progress is according to plan.

The project on "Urban water services for Khorixas and Rehoboth", Ministry of Regional and Local Government and Housing (MRLGH) came to an end in 2003.

The Ministry has unfortunately failed to follow the reporting and meeting procedures regulated in the specific agreement, and Sweden is still awaiting the final reports on the project. The project was a pilot project, and even though there have been management problems within the Ministry, the activities might still be successful and of interest. Communication to receive the outstanding reports has taken place and once the reports are submitted and approved, the need for an evaluation is to be assessed.

Sweden's support to Namibia Nature Foundation (NNF) and the "National Conservancy Programme" during 2002–2004 are progressing according to plan. NNF, in turn, have 4 sub-grantee NGO's/CBO's active in the programme to facilitate the development of the supported conservancies in Kunene, Erongo and Otjozondjupa Regions. The four conservancies' in the latter region had, by the end of the year, sent in their applications to become legally accepted. In an open-ended dialogue with NNF in November, the issue of sustainability was highlighted and elaborated upon. The dialogue will be continued during 2004 with the aim to reach a way forward and if needed, a possible and final phase of the programme.

NNF is also the administrator for the "Swedish Environmental Small Grant Fund". The overall objective is to contribute to sustainable environmental development in Namibia. During 2003, no less than 32 projects were granted funds for local small-scale activities. The Fund has proved quite successful in terms of increasing environmental awareness, supporting sustainable income-generating activities and providing catalytic effects. The Fund for activities 2004 constitutes the last year of the current agreement and a dialogue has been initiated on a possible final phase of the Fund.

The support to the Desert Research Foundation of Namibia (DRFN) for the Summer Desertification Programme (SDP) and the DRFN Resource centre has so far shown good results. The SDP fills an important niche in tertiary education and enhances the national capacity building on environmental research and problem solving. Dialogue on the issue of sustainability was initiated in July, and it was agreed that the course itself is not sustainable in its present form. Consultations to possibly formalise the course within the framework of Polytech are currently taking place between the DRFN and Polytech.

Private Sector Development / Strengthening of commercial relations
The Swedish support to private sector has gradually decreased since 2001, in line with the recommendations made by the Mid-Term Review carried out by Sida. In the Government Instruction to Sida from March 2003 on a new country strategy, it is stated that development grant co-operation shall be phased out while other forms of collaboration shall be promoted and strengthened, in particular commercial relations.

Several ideas for the upgrading of commercial relations have been put forward by Sida during the latter part of 2003, and they are presently considered by Government when a decision on the new country strategy will be taken. One special idea worth mentioning here, and also formalised as a decision, is that Namibia is now included in the Swedish South African Business Forum, which is a specialised body within the Bi-National Commission between Sweden and South Africa. This could be important, since Namibia has only a small domestic market, and the inroad from South Africa could make Namibia more interesting for potential Swedish companies.

As regards concrete projects within the development of private sector in Namibia, Swedish support to the development of the Namibian Community Based Tourism (NACOBTA) has continued during 2003, and will be finalised during the first part of 2004. The organisation is gradually building up its capacity, but no major progress can be noted.

A new agreement has been signed at the end of 2003 with the Walvis Bay Corridor Group (WBCG). The objective is to promote the business possibilities through the Trans-Caprivi Highway linking Namibia to Angola´s southern parts, and to Zambia through a new bridge over the Zambezi. This is expected to be operational from April 2004, and will be a great boost for business opportunities for the WBCG. The results from previous Swedish support since 2000 have been quite encouraging.

Sida has decided at the end of the year not to go ahead with a previously discussed phase II of a project aimed at improving standardisation in Namibia. This was previously in the planning, but the Namibian authorities have no longer indicated any major enthusiasm for such a project, whereby it is no longer pursued from the Swedish side.

3.4 Regional co-operation programmes of relevance to Namibia

In Namibia, Sida is contributing to the financing of Media Institute of Southern Africa (MISA). This is an organisation that stand for freedom of the press in southern Africa, and it serve as a protective organisation for media and individual journalists that may come under pressure, even detention. MISA has national chapters in several of the countries in the region, but the headquarter is in Windhoek.

Sida also finances one major environmental project with regional scope in the northern part of the country, “Every River has its People”, which focuses on the Okavango River. The project is managed from the desk of the regional Programme Office for Water Resources Management in Harare, and the major implementing organisation in Namibia is Namibia Nature Foundation.

During the last two years, Sida has become increasingly interested in assisting the three countries using the Okavango River, i e Namibia, Botswana and Angola, in setting up a joint mechanism for handling the water resources of the river. A feasibility study has been carried out in 2003 for the organisation of a secretariat for the Okacom.

WARFSA is a regional research fund administered by the Sida office in Harare. It includes Namibia, which means that researchers from Namibia can apply for funds for smaller project on water issues.

3.5 Office and administrative issues

The Embassy has 5 sent-out staff, out of which one holds the position as Bilateral Associate Expert (BBE), and 7 local staff. The post as National Programme Officer is currently vacant, as is the post as Administrative Assistant. The BBE will remain until May 2005. One change in the sent-out staff will be made during 2004, when the Programme Officer for Democratic Governance and Transport will be leaving after a period of 4 years.

Sweden's country strategy for Namibia 2004–2008 is a phasing out strategy. This process, which is focused on sustainability, will during the first years be quite demanding in particular since during the period, Sweden will also work on establishing broader relations built on mutual interest and benefit. Relations with regard to commercial interests and direct institutional collaboration will need to be further promoted and strengthened. In order to do this in an effective manner, there is a foreseen need ahead to increase the sent-out Embassy Sida staff with one person from the Ministry of Foreign Affairs.

The Embassy has gradually introduced better routines for follow-up of programme activities, especially as regards the reporting. For this purpose the Plus System is used. For every contribution "Conditions in Agreements" are filled in with the specific details for Narrative Report, Financial Report, Review, Final Report – dates when these shall be sent Sida/the Embassy, and what actions have been taken from the Embassy in case of delays. Lists are now regularly taken out from LIS on the state of reporting to the Embassy for follow-up and appropriate action.

As has been mentioned above, the Embassy has also held internal training in Rating and gradually all projects of relevance will now be rated in line with Sida requirements.

Appendix 1:

FACT SHEET NAMIBIA

Country:	The Republic of Namibia
Capital:	Windhoek
Area:	825 000 km2
Regions:	Karas, Hardap, Khomas, Omaheke, Erongo, Otjozondjupa, Oshana, Kunene, Oshikoto, Okavango, Caprivi, Ohangwena, Omusati
Form of Government:	Republic
Head of State:	President Sam Nujoma
Head of Government:	The President
Prime minister:	Theo-Ben Gurirab
Foreign minister:	Hidipo Hamutenya
Major political parties:	SWAPO (ruling party), DTA, UDF, CoD
Upcoming elections:	Local and regional elections in 2003, parliament and presidential elections in 2004
Population:	1,8 million
Official language:	English
Currency:	Namibian Dollar (pegged 1:1 to the South African Rand)
% of women in Parliament:	29%
% of women at ministerial level:	16,3%
GDP in current prices 2001:	US$ 3,2 billion
GDP/capita in current prices 2001:	US$ 1,669
GDP/capita in PPP 2000:	US$ 6,410
Average GDP growth:	3% (during last 3 years)
Consumer Price Inflation 2002:	11,3%
Gross savings/GDP 2001:	23,6%
Investments/GDP 2000:	18,6%
Donor funds per capita 2001:	US$ 29
Debt repayment/exports 2000/01:	4,6%
Population growth:	1,8% (UNDP estimate between 2000–2015)
Average life expectancy at birth:	45 years (2000 UNDP)
Under five mortality rate per 1000:	69 (2000 UNDP)
Adult Literacy:	82% (2000 UNDP)
Public education expenditure:	24% of total Government expenditure (2002)
Public Health expenditure:	14% of total Government expenditure (2002)
HIV adult prevalence rate:	23%
Number of HIV-infected men:	90 000
Number of HIV-infected women:	110 000
Population accessing fresh water:	77%
Carbon dioxide emissions per capita metric tons:	0
Energy efficiency in GDP per unit of commercial energy use 2000:	9,6PPP$/kg
HDI index 200:	0,610
HDI World ranking 2002:	122
HPI 2000:	34,5
GDI 2000:	0,604
Freedom House Index:	2,3 Free (2001–2002)
Corruption Perception Index:	5,4 (2001)

Appendix 2:

Financial follow-up and forecast 2003

ITEM	Namibia		
DEVCOOPAGR	SECTOR	DISB 2003	FC 2003
DEVELOPMENT AGREEMENT	1 HR/DEM	20 837 856	22 686 857
	2 SOCIAL	27 343 423	27 302 966
	3 INFRA	9 343 184	10 265 605
	4 NATURAL RES	4 999 413	4 961 000
	9 OTHER	0	0
DEVELOPMENT AGREEMENT Total		62 523 876	65 216 428
NO DEVELOPMENT AGREEMENT	1 HR/DEM	7 064 258	7 080 616
	2 SOCIAL	0	0
	3 INFRA	543 534	550 001
	4 NATURAL RES	0	0
	9 OTHER	3 339 945	3 428 343
NO DEVELOPMENT AGREEMENT Total		10 947 736	11 058 960
Grand Total		73 471 612	76 275 388

Appendix 3:

Studies undertaken during 2003;

Social-economic and multidimensional aspects of Poverty, E Schleberger
Progress towards consolidated demcracy in Namibia, C Kuelder
Namibia: A Macroeconomic Analysis, IPPR
Natural Resources Sector in Nambia, H Krugmann

Halving poverty by 2015 is one of the greatest
challenges of our time, requiring cooperation
and sustainability. The partner countries are responsible
for their own development. Sida
provides resources and develops knowledge and
expertise, making the world a richer place.

Sida

SWEDISH INTERNATIONAL
DEVELOPMENT COOPERATION AGENCY

SE-105 25 Stockholm Sweden
Phone: +46 (0)8 698 50 00
Fax: +46 (0)8 698 56 15
sida@sida.se, www.sida.se