

# Joint EU Response Strategy for Namibia

2014-16/17

## 1. Executive Summary

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Together, European development partners represent the largest provider of aid to Namibia. Joint programming aims to enhance the effectiveness and impact of European development cooperation by providing a single strategy to guide all European development partners' support. Joint programming is expected to increase transparency and predictability of our development cooperation, raise Europe's profile and help convey our core principles and values. Finally, we believe that a joint approach will provide better value for money for each of us as development partners, enabling a more efficient and effective use of taxpayers' resources on the ground.

EU Heads of Mission resident in Windhoek agreed in March 2013 to take forward Joint Programming in Namibia. The priority areas identified for support by EU development partners are fully aligned to the contents and the validity period of NDP4. The European Union and Germany are planning new programmable aid and the other Member States are planning new commitments under existing programmes or continue to implement on-going programmes. The amounts reflected in this Joint EU Response Strategy do not represent a formal commitment but are indicative and are subject to bilateral negotiations. Furthermore, it should be recognised that this Strategy sets out the main lines of European support. It does not seek to go into details of how individual European development partners will carry out their work in the agreed sectors and areas.

Independent since 1990, Namibia continues to enjoy peace and a stable political situation. Namibia became an upper middle income country in 2009 and the country's economy is based on sound macro-economic conditions with exports focused on mining, fisheries, tourism and agriculture. The latter being the livelihoods provider for the majority of the population. However, despite undeniable progress towards the achievement of the MDGs, the country still faces many challenges related to widespread poverty, severe income inequality and high unemployment. The HIV/AIDS epidemic and high vulnerability to climate change have acted as further impediments on the country's development. Together these issues have impaired the creation of value-adding productive sectors and a country-wide integrated economy and inclusiveness of economic growth also remains a challenge.

Past development cooperation has yielded significant results, supporting GRN's progress in tackling poverty and promoting economic and social development. The 2011 Paris Declaration monitoring report for Namibia did however identify some room for improvement. This includes the need for sector strategies in support of the national strategy; more emphasis on execution, monitoring and evaluations as recognised in NDP4 and the establishment of a performance assessment framework; the need to bring capacity development more in line with EU's backbone strategy for technical assistance; and increased coordination between development partners and Government including a functional donor coordination platform, sector working groups and publicly available aid information.

The Joint EU Response Strategy recognises the EU approach for development cooperation as laid down in its Treaties and Policy instruments as the *Agenda for Change*, as well as in joint positions including those agreed between the European partners in Namibia. The document further reflects on the Human Rights situation and mitigation of risks.

The Joint EU Response Strategy concludes that a high degree of congruence exists with Namibia's NDP4 which promotes higher economic growth, job creation and increase income equality which is being pursued through the support for four economic priorities: logistics, tourism, manufacturing and agriculture; as well as a number of basic enablers including the institutional environment and education. NDP4 puts special emphasis on aspects relating to implementation and monitoring of the Strategy.

The European response as laid down in this document is addressing

- Economic Priorities
  - Agriculture (EU and Germany)
  - Tourism (Germany, UK)
- as well as Basic Enablers
  - Institutional Environment (Germany)
  - Education and Skills (EU, France, Germany, Portugal and Spain)
  - Infrastructure (Germany).

Cross cutting issues are hereby being integrated in the programmes. In addition the European response places adequate emphasis on **capacity development** (EU, Germany, and Finland) and support for the specific role of **civil society** in strengthening Democracy (EU, Germany and Finland). Besides new expected commitments the document also reiterates the on-going support which also is in support of the National Development Plan.

## 2. Introduction

Joint programming, or strategy setting, aims to enhance the effectiveness of European Development Cooperation by providing a single strategy to guide all European development partners' support to Namibia.

By acting together under a single framework, pulling in the same direction and eliminating gaps and overlaps, we stand to increase our impact and to achieve more than the sum of our parts. The transparency and predictability of our support will also be improved for the Government and people of Namibia, thereby increasing our accountability and lowering transaction costs. In addition to improving development effectiveness in this way, joint programming also serves to raise Europe's profile in Namibia, helping to convey our core principles and values and increasing our influence on matters of common concern. These benefits are even more considerable when it is taken into account that, together, European development partners represent the largest provider of development cooperation to Namibia.

Finally, we believe that a joint approach will provide better value for money for each of us as development partners, enabling a more efficient and effective use of taxpayers' resources on the ground. It allows us to demonstrate to our domestic electorates that we are part and parcel of a coherent European approach which, through a division of labour between us, ensures that we address the key issues in Namibia and do so far more effectively than if we had been acting alone.

European development partners committed to take forward joint programming in the Busan Partnership for Effective Development Cooperation<sup>1</sup> agreed with the wider donor community in 2011, and in the EU Agenda for Change<sup>2</sup> signed by European Ministers in 2012. The latter committed to produce a single joint programming document to guide European support in each country where we work, "synchronised with the strategy cycle of the partner country" and including "a sectoral division of labour and financial allocations per sector and donor".

EU Heads of Mission resident in Windhoek agreed in March 2013 to take forward joint programming in Namibia. The current Strategy has been agreed by the European Union Delegation and the following European Union Member States that are active in Namibia:

- Finland
- France
- Germany
- Portugal
- Spain
- United Kingdom

The Government of Namibia also agreed to this Joint Response Strategy.

It should be noted that, of these development partners, the EU Delegation and Germany are planning new programmable aid for the country during the Strategy period and therefore division of labour has focused on their support. Other Member States are continuing their on-going programmes. It should also be taken into account that all financial information provided in this Strategy document is in the form

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1 [http://www.aideffectiveness.org/busanhlf4/images/stories/hlf4/OUTCOME\\_DOCUMENT\\_-\\_FINAL\\_EN.pdf](http://www.aideffectiveness.org/busanhlf4/images/stories/hlf4/OUTCOME_DOCUMENT_-_FINAL_EN.pdf)

2 [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/EN/foraff/130243.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/130243.pdf)

of indicative estimates only and does not represent a formal commitment by any of the development partners concerned.

Finally, it should be recognised that this Strategy sets out the main lines of European support. It does not seek to go into details of how individual European development partners will carry out their work in the agreed sectors and areas, for example individual initiatives to be pursued, modalities or implementation partners. Such issues will instead be left to the bilateral implementation plans that each will develop according to their internal rules and preferences. These plans will nevertheless be guided by the Strategy in terms of sector focus, financing and duration.

### 3. Summary of Country Analysis

The complete joint country analysis is available in Annex 1. The following provides a summary of its key findings. Additional analysis of specific sectors and cross-cutting issues can be found in the subsequent, dedicated sections.

#### **Overview**

Independent since 1990, Namibia continues to enjoy peace and a stable political situation, led by the SWAPO party. Namibia became an upper middle income country in 2009 and the country's economy is based on sound macro-economic conditions with exports focused on mining, fisheries, tourism, grapes, beef and mutton. Agriculture is the livelihoods provider for the majority of the population. However, despite undeniable progress towards the achievement of the MDGs, the country still faces many challenges related to widespread poverty (29% of the population is classified as poor or severely poor), severe income inequality (the Gini co-efficient currently stands at 0.58, making it one of the most unequal countries in the world) and high unemployment (now running at 27%<sup>3</sup>). The HIV/AIDS epidemic and high vulnerability to climate change have acted as further deterrents on the country's development. Together these issues have impaired the creation of value-adding productive sectors and a country-wide integrated economy and inclusiveness of economic growth also remains a challenge. However, Namibia's political stability and prudent macro-economic policy offer considerable potential for the exploitation of the country's rich natural resources, in particular mining and fisheries, and it should be noted that a basic social safety net does already play an important part in alleviating poverty.

#### **Politics**

Since gaining independence in 1990, Namibia has built a functioning democracy that has generally respected human rights and the rule of law. A policy of national reconciliation has been broadly successful. SWAPO has won the four elections held since independence. Presidential and legislative elections will take place at the end of 2014, followed by regional and local elections in 2015.

#### **Economics**

A highly unequal distribution of wealth belies Namibia's income per capita of \$ 6,828. A Gini coefficient of 0.58 sees 29% of households classified as poor and a position of 128<sup>th</sup> out of 187 countries ranked in the Human Development Index. Similarly, positive growth rates - increasing from 3.6 per cent during the first decade of independence to 4.6 % during 2000 to 2011 – exist alongside an unemployment rate of some 27%.

A small local market, a mixed economy which is partially state-led, limited credit, and restricted human capacity have led to the pace of industrialisation falling short of that sought by Government and Namibia now ranks 92nd out of 144 countries assessed in the Global Competitiveness Report<sup>4</sup>. Further development of the agricultural, logistics, manufacturing and tourism sectors, as is now prioritised by Government in the 4<sup>th</sup> National Development Plan (NDP4), along with reforms to the overall business environment, would help to improve the situation.

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3 2012 Labour Force Survey, Namibian Statistics Agency (NSA)

4 <http://reports.weforum.org/global-competitiveness-report-2012-2013/>

Namibia is known for fiscal prudence but faces the challenge of unwinding an expansionary policy by 2014. The country achieved budget surpluses in three consecutive financial years from 2006/07 to 2008/09, but has followed an expansionary fiscal policy approach since the beginning of the global financial and economic crisis. Namibia's fiscal deficit decreased from 7.1% of GDP in 2011/12 to 4.8% in 2012/13, and this despite the prevailing expansionary fiscal stance maintained by the government. It is expected to average around 4.6% during the fiscal years 2013/14 to 2015/16. Namibia's total public debt stock is expected to remain below the 35% statutory debt-to-GDP threshold in the coming years even though it will move from 26.4% of GDP by the end of the 2012/13 financial year to projected 30.7% in 2015/16.<sup>5</sup>

### **Social Vulnerability**

Namibia is one of only a handful of countries in Africa that maintains a basic social safety net, playing a crucial role in alleviating poverty in the country. Pensioners, orphans and the disabled all benefit from state aid. Health and education systems do need reinforcement however. Nevertheless, progress has been made in combating major diseases which has yielded an increase in life expectancy from 49 in 2001 to 62 years today.

### **Environment**

Namibia is very vulnerable to impacts of climate change due to its geographic location, variability in weather patterns as well as due to socio-economic factors. Climate change impacts predicted for Namibia will adversely affect the extent and the speed at which long-term, medium and even short-term national development goals will be achieved. In 2011, the Government of the Republic of Namibia adopted the National Policy on Climate Change (NCCP). The goal of the Policy is to contribute to the attainment of sustainable development in line with Namibia's Vision 2030 through strengthening of national capacities to reduce climate change risk and build resilience for any climate change shocks.

### **National Development Plan**

Namibia's development planning process is based on medium-term, five-year National Development Plans which are formulated under the overall framework of the country's Vision 2030.

The 4th National Development Plan (NDP4) runs from 2012/3-2016/7 and presents a coherent high-level development strategy. The introductory chapter emphasises Namibia's commitment to basic development principles such as upholding the Constitution, good governance, empowerment of women, and environmental sustainability. NDP4 then sets out three over-arching goals for the country, namely higher economic growth, job creation and increased income equality. Four priority sectors are subsequently identified where it is felt there is significant potential for national comparative advantage - agriculture, manufacturing, logistics, and tourism. Finally a series of "basic enablers" are described, cross-cutting issues that are recognised as key to progress on all fronts, namely public infrastructure, institutional environment, education and skills, health, and tackling extreme poverty.

NDP4's focus on areas with a direct link to economic growth, employment and income equality is to be commended as an effective strategy for addressing poverty

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<sup>5</sup> <http://www.africaneconomicoutlook.org/en/countries/southern-africa/namibia/>

and unemployment. It also contains a comprehensive section on execution, monitoring and evaluation, in contrast to previous Plans where these issues had been inadequately addressed. More attention could however have been paid to policy coherence. Nevertheless, overall NDP4 can be said to be of good quality and was formulated in consultation with civil society, the private sector and the donor community.

### **Alignment of EU Policy with the National Development Plan**

European development policy and NDP4 are to a large extent congruent. For example, NDP4's emphasis on the need to invest in drivers of inclusive and sustainable economic growth in order to act as the backbone for reducing poverty is completely in line with the recommendations of the EU Agenda for Change. NDP4's ultimate goals of economic growth, job creation and increased income equality resonate well with the Agenda for Change's focus on inclusive and sustainable growth that is facilitated by people's ability to participate in, and benefit from, wealth and job creation. The Agenda's proposed foundations for growth - social protection, health and education - are also all included as basic enablers in NDP4. Additionally, the Plan prioritises improving the institutional and business environment which is once again among the key drivers identified in the Agenda. Finally agriculture, highlighted in the Agenda as a sector with strong multiplier impact on the economy and contribution to the environmental protection and climate change prevention and adaptation is recognized as economic priority in NDP4. The Government of the Republic of Namibia has furthermore stressed the importance of women's empowerment and of the environment which are similarly fundamental to European Policy. While NDP4 does recognise the vital role of good governance, including issues such as improving public service management, more emphasis would have been welcomed on issues such as democracy and human rights. Overall however, NDP4 is seen as providing a good basis for European development partners to programme their support.

The priority areas<sup>6</sup> identified for support by EU development partners are fully aligned to the contents and the validity period of NDP4.

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<sup>6</sup> See chapter 6

#### 4. Lessons Learned from Previous Cooperation

Past development cooperation has undoubtedly yielded significant results, supporting GRN's progress in tackling poverty and promoting economic and social development.

The 2011 Paris Declaration monitoring report for Namibia did however identify some room for improvement. These recommendations, updated with the experiences of the Government of the Republic of Namibia and development partners in-country, have been consolidated by European development partners to yield a number of lessons-learned for future development cooperation. These are set out below along with the actions that will be taken under the Strategy to tackle them and thereby further improve development effectiveness in the country.

- While a robust national strategy now exists in the form of NDP4, sector strategies are lacking in many areas. European development partners will support the Government of the Republic of Namibia in establishing these in the sectors where they work and will seek to participate in the annual sector meetings that the Government of Namibia is planning in order to review progress. This work will ideally take place through the sector working groups – see below.
- The new emphasis that is evident in NDP4 on execution, monitoring and evaluation now needs to be translated into action. European development partners will focus on stimulating quicker, more accurate feedback from activities that they support so that execution bottlenecks can be quickly addressed. They will also work with the Government of Namibia to ensure that the planned national execution and monitoring regime actually bears fruit.
- More work is needed to ensure mutual accountability between the Government of Namibia and development partners. European development partners are ready to support the Government of Namibia to set up a performance assessment framework, both at National as well as key sector level, that establishes a handful of key indicators with realistic targets linked to the monitoring process of NDP 4 for the Government of Namibia and development partners that can be measured annually. In addition, development partners should be asked to provide regular, standardised reporting on planned commitments and disbursements to the Government.
- Constrained national capacity has impaired the Government of the Republic of Namibia's work in some cases in the past. While development partners have provided substantial capacity development support, this has on occasion tended more towards capacity substitution, with limited lasting benefits noticeable after the departure of the technical assistance in question. European capacity development efforts will therefore in future be focused on supporting concrete, sustainable change in the institutions supported and will be supplied in line with the EU's Backbone Strategy on Technical Cooperation.<sup>7</sup>
- Coordination between development partners is vital to ensure against gaps and overlaps. This is indeed part of the core rationale for the present joint Strategy, responding to the Government of the Republic of Namibia's request

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<sup>7</sup> [http://ec.europa.eu/development/icenter/repository/backbone\\_strategy\\_technical\\_cooperation\\_en.pdf](http://ec.europa.eu/development/icenter/repository/backbone_strategy_technical_cooperation_en.pdf)



that all development partners align to NDP4. However, there is also a need for an overall Government-donor coordination mechanism to bring all Heads of Cooperation together with Namibian Government's officials on a regular basis. European development partners will work towards the establishment of such a structure. Coordination between Government's line ministries -working in the same sector- forms integral part of such coordination mechanism, fostering improved efficiency and efficiency in service delivery.

- Sector working groups are also absent in most sectors and, where they do exist, tend to operate in an ad-hoc way without standard deliverables or a regularised system of reporting. This is in spite of a previous Namibian Government undertaking to establish such groups. European development partners will now work with the Government of the Republic of Namibia and others to set up a comprehensive series of professional sector working groups bringing together representatives from Government, development partners and civil society. Crucially these should include both relevant line ministry officials and representatives from the National Planning Commission in order to strengthen links between these two constituencies. Efforts should also be made to bring in non-traditional development partners. European development partners will then actively support the respective groups in the sectors where they work, which will include strengthening existing mechanisms in the gender and health sectors to ensure that they are Government-led, fully inclusive, and generate concrete deliverables. Finally, European development partners will seek to speak with one voice where more than one of them is present in the sector.
- The lack of a functioning, publicly accessible, aid information management system means that simply finding out who is doing what is currently very difficult. This significantly hinders progress on issues such as identifying gaps and overlaps in development partners' work, measuring fragmentation, and improving division of labour. However, in the last two years progress has been made establishing an Official Development Assistance (ODA) database. European development partners will seek to raise this issue with the Government of the Republic of Namibia and other development partners and to push for the establishment of a functioning system.

## 5. The EU Approach

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The Treaty of Lisbon<sup>8</sup>, signed by EU members in 2007, clearly states that the reduction and eradication of poverty is the primary objective of the Union's development cooperation policy. This policy was set out in the European Consensus on Development<sup>9</sup> agreed in 2005. The Consensus commits to tackling poverty in particular by focusing on the Millennium Development Goals<sup>10</sup> and equitable globalisation. It also recognises that developing countries are mainly responsible for their own development based on national strategies to which EU development cooperation should be aligned. The Consensus furthermore sets out a specifically European set of values that should underpin development work, namely respect for human rights, democracy, fundamental freedoms and the rule of law, good governance, gender equality, solidarity, and social justice.

The 2012 EU Agenda for Change<sup>11</sup> attached as annex 2, reinforces these messages and emphasises the need to use aid as effectively as possible, particularly through joint strategies and division of labour. The latter concept is expanded upon in the EU Code of Conduct on Division of Labour<sup>12</sup> which recommends that each European donor focuses their support on a limited number of sectors in order to increase impact.

As a member of the Africa Caribbean Pacific (ACP) group of countries, European support to Namibia comes under the framework of the Cotonou Agreement<sup>13</sup> which prioritises the eradication of poverty through sustainable development and gradual integration of ACP countries into the world economy. It recognises national ownership of development strategies, the importance of engaging not only with government but also with other actors such as civil society and the private sector, and sets out a series of mutual obligations on issues such as human rights.

In terms of development effectiveness, the EU Common Position for the Fourth High Level Forum on Aid Effectiveness<sup>14</sup> emphasised the need to focus on results, transparency and joint country strategies. The resulting international agreement from the Forum, the *Busan Partnership for Effective Development Cooperation*<sup>15</sup>, states that "We will, by 2013, make greater use of country-led coordination arrangements, including division of labour, as well as programme-based approaches, joint programming and delegated cooperation."

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8 [http://europa.eu/lisbon\\_treaty/full\\_text/](http://europa.eu/lisbon_treaty/full_text/)

9 [http://ec.europa.eu/development/icenter/repository/european\\_consensus\\_2005\\_en.pdf](http://ec.europa.eu/development/icenter/repository/european_consensus_2005_en.pdf)

10 <http://www.un.org/millenniumgoals/>

11 [http://ec.europa.eu/europeaid/what/development-policies/documents/agenda\\_for\\_change\\_en.pdf](http://ec.europa.eu/europeaid/what/development-policies/documents/agenda_for_change_en.pdf)

12 [http://europa.eu/legislation\\_summaries/development/general\\_development\\_framework/r13003\\_en.htm](http://europa.eu/legislation_summaries/development/general_development_framework/r13003_en.htm)

13 <http://ec.europa.eu/europeaid/where/acp/overview/cotonou-agreement/>

14 [http://consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/EN/foraff/126060.pdf](http://consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/126060.pdf)

15 [http://www.aideffectiveness.org/busanhlf4/images/stories/hlf4/OUTCOME\\_DOCUMENT\\_-\\_FINAL\\_EN.pdf](http://www.aideffectiveness.org/busanhlf4/images/stories/hlf4/OUTCOME_DOCUMENT_-_FINAL_EN.pdf)

## 6. Priority Areas for EU Support

The following Priority Areas for EU support have been identified in response to requests from GRN. They are drawn from among NDP4's priority sectors and basic enablers and are seen as areas where European development partners have the potential to add particular value. The identification process has also involved liaison with other development partners and civil society.

The table below provides an overview of the sectoral division of labour amongst EU Member States in Namibia and is followed by a detailed description of the sectoral support to be provided. **All figures are indicative and need to be confirmed during bilateral negotiations** and will subsequently be revised on an annual basis.

For the EU Delegation, figures provided are new commitments over the Strategy period from the bilateral envelope of the European Development Fund. They exclude amounts which are potentially available for Namibia under budget line and regional instruments or in the form of loans from the European Investment Bank as they are not programmable. The European Investment Bank continues to be willing to provide loans for projects in logistical infrastructure, (renewable) energy, water & sanitation and private sector development in support of SMEs.

Germany offers technical assistance as well as financial cooperation through loans and grants. While in the long run commitments will most probably see a reduction in financial cooperation, Germany is planning to increase technical assistance. In addition the German Government will be ready to provide concessional loans for projects in transport, logistical infrastructure and renewable energy based on requests by the Namibian Government.

Finland does not have commitments for the strategy period but plans to continue implementing collaborative programs between Finnish and Namibian actors, regional programs and direct support to Namibian actors implementing development projects with an annual disbursement of approximately €4 million. The annual based support provided by Finland is not specific to any sector, but will focus on capacity building and civil society in the areas identified by local actors and in line with Namibian development plans.

For France, Portugal, Spain and the United Kingdom they reflect new financial commitments as part of on-going programmes for the NDP4 planning period.

Indicative Sector Allocations in Support of NDP4 in Million Euro									
		EU	Germany	Finland	France	Portugal	Spain	UK	Total
Basic Enablers	Institutional Environment		46.0						46.0
	Education and Skills	36.0	22.6		0.9	0.8	0.2		60.5
	Public Infrastructure		61.0						61.0
Economic Priorities	Agriculture	20.0	17.0						37.0
	Tourism		12.0					0.1	12.1
Cross Cutting	Capacity Enhancement	6.0	4.0	6.0					16.0
	Civil Society	6.0		6.0					12.0
	HIV/Aids Prevention		3.0						3.0
<b>Total</b>		<b>68.0</b>	<b>165.6</b>	<b>12.0</b>	<b>0.9</b>	<b>0.8</b>	<b>0.2</b>	<b>0.1</b>	<b>247.6</b>

On-going, committed, programmes still under implementation during (part of) the NDP4 programming period are summarized in section 8.

## I. Basic Enablers

### Institutional environment

NDP 4 identifies a supportive institutional environment as one of the most important factors for sustainable economic development. Several factors are mentioned as key for improving the institutional environment in Namibia, among them **environmental management**, **business environment**, **ease of doing business** and **access to finance**.

With regard to **environmental management** the Government of the Republic of Namibia accords high priority to environmental protection for sustainable development. Namibia is considered to be one of the world's hotspots for biodiversity. At the same time the biodiversity is very vulnerable, which is further exacerbated by climate change and unsustainable land use. The environmental challenges further include unsustainable use of coastal and marine resources and freshwater scarcity. Accessing and benefiting from natural resources and biological diversity - including some of the world's most unusual flora and fauna - will be crucial especially for the rural population to increase income and employment. The Government of Namibia is committed to maintaining its precious ecosystems and utilizing its natural resources in a sustainable manner for the benefit of all Namibians; reality is however that not all use is sustainable. The development of effective framework conditions that foster the sustainable use of natural resources are key targets identified by the Government.

**Inclusive growth** is formulated in NDP 4 as the main condition for increasing employment and reducing poverty. While international surveys on competitiveness score Namibia already relatively high on institutional and macro-economic issues, when it comes to micro economic issues the rating is rather poor. The Government of the Republic of Namibia recognises these disparities as a major challenge for development.

**Access to finance** is identified as one of the key challenges for businesses, in particularly for start-ups and for micro and small scale enterprises. High bank user charges and fees, high transaction costs, low levels of financial literacy and a lack of financial products (e.g. microfinance) and instruments are key factors limiting access to finance. Namibian and foreign investors alike are discouraged from setting up businesses due to the long registration process and procedural delays (**ease of doing business**).

The need to tackle or implement reforms in order to make the business environment more dynamic and improve the growth is mentioned prominently in NDP 4. The sectoral policies which have been developed in the previous planning cycle, e.g. the industrial policy and the financial sector strategy need to be implemented as part of the targeted reforms.

### Germany:

- Germany will continue to support the Government of the Republic of Namibia in its effort to better protect and use natural resources for the development of the country. Capacity development of main stakeholders and the development of sound framework conditions will create opportunities for income generation based on natural resources. This particularly includes bio-prospection, bio-trade and de-bushing.
- Germany will continue providing support to sustainable economic development in Namibia with a specific focus on enhancing framework conditions for business activities and on financial systems development. This includes ensuring free access to and a broadened offer of financial services, especially for low and middle income households.

### **Education and Skills**

A well-educated and appropriately skilled population is a critical enabler for Namibia's transition to an industrialised nation led by her human resources. Despite the extensive investment and advancements in education and training under previous National Development Plans, the education and training system is acknowledged to still be below par when compared to other countries. Issues such as quality, relevance, throughput and repetition remain concerns in all phases. Access to vocational education and training and higher education remains very limited. Under NDP3, priority was given to putting legal and policy frameworks in place as well as to the development of curricula responsive to the needs of the nation. NDP4 now clearly identifies the areas of education and skills development as core basic enablers for the achievement of the three overarching national goals and as a means of effecting poverty alleviation in the near-term. Civil society have also emphasised the importance of skills development and vocational training for the country's development.

Early childhood development and pre-primary education are recognised as having a significant impact on the subsequent performance of children in basic education programmes. They lay the foundation for acquiring basic literacy and numeracy and, when well-managed, generate a predisposition towards learning and school attendance. Additionally, pre-primary education ensures a smooth transition between early childhood development and primary education and lays the foundation for lifelong learning. The Government of the Republic of Namibia is aware of the need to improve the response of the education system to the early stages of children's development. In order to ensure coordination and political drive, in 2006 pre-primary education was integrated into Formal Education as part of the Ministry of Education. Similarly, early childhood development is likely to be transferred in the medium term from the Ministry of Gender Equality and Child Welfare to the Ministry of Education. These two sub-sectors face severe funding constraints.

The availability of appropriate skills has also been identified as one of the pillars that will contribute to the achievement and attainment of Vision 2030 in which it is envisaged that Namibia will be an industrialised country developed by its human resources. NDP4 identifies the unavailability of skills as being the result of the limited provision and poor perception of vocational and technical education. Among GRN's strategies to address these challenges is the expansion of Vocational Education and Training (VET), targeting impoverished areas in order to support poverty reduction.

Responsibility for VET lies with the National Training Authority, which is accountable to the Ministry of Education.

Education and skills will be supported by the EU Commission and Germany.

EU Delegation:

- Improving the social skills and competences of children entering primary education by enhancing access, efficiency, resource management and quality during early childhood development and pre-primary education.
- Providing support (infrastructure rehabilitation, equipment, materials and technical assistance, as appropriate) to the Vocational Education and Training sub-sector.

Germany:

- Providing support to the formal vocational training sector via enhancement of the capacity of the National Training Authority in order to improve the match of supply of skills and demand by the labour market.
- Promotion of primary, secondary and higher education in Namibia and implementation of scholarship programmes as well as support to cultural, sport and language programmes.

France:

- France will continue to provide support to culture and language programmes which will serve to strengthen relations between Namibia and Europe.

Portugal:

- Portugal will continue to provide assistance with continuous teacher training in the regions as well as assist the National Institute for Educational Development (NIED) with the development of teaching and learning materials. It will also provide scholarships for Namibian citizens, textbooks for learners and related resources.

Spain:

- Spain will continue supporting cultural relations between both countries as well as assisting the Spanish Language lectorship at UNAM

## **Public Infrastructure (Transport focus)**

Namibia has a relatively good core network of national physical infrastructure, including transport infrastructure and electricity distribution lines. However, there are emerging weaknesses, which, if not addressed, could become serious obstacles to higher economic growth. Current investment levels, especially for maintenance programmes in the transport sector are seriously lagging behind. Increased volumes through corridor traffic – e.g. from Walvis Bay Harbour to neighbouring countries – is starting to put pressure on the country's road network, impacting on the life expectancy of roads and increasing maintenance costs. A key strategic focus of NDP 4 is therefore to strike an appropriate balance between maintenance and further expansion with regard to road infrastructure. Besides adequate financial resources to maintain and expand the roads network, Namibia is also in need of qualified

personnel in the engineering sector – ranging from public engineers to skilled workers.

Germany:

- Germany will continue supporting capacity development in the Ministry of Works and Transport as well as in the state owned enterprises in the transport sector aiming at efficient management of the road network, including road construction and rehabilitation and improving access to infrastructure for rural population. In addition Germany will contribute further to enhancing engineering capacities and skills development in the transport sector.

## **II. Economic Priorities**

### **Agriculture**

Poverty in Namibia is still mainly a rural issue with 41% of the rural population classified as poor as opposed to 14% in the cities. The agricultural sector provides employment and/or sustenance for the majority of the population as well as supplying the manufacturing sector with inputs. Next to a fairly successful commercial agricultural sector, the majority of Namibian farmers are based in communal areas, with half of them being considered subsistence farmers. Despite its economic potential, the performance of the sector has been sub-standard for a number of reasons including degradation of the natural resource base and a limited adaptation of farming systems to climate change which has led to overgrazing, soil degradation, and invader bush encroachment. In addition, communal farmers' links to markets have been weak, partly as a result of the veterinary zoning of the country which erects obstacles for livestock producers outside the Foot & Mouth Disease free zone. These issues have nevertheless been recognised and emphasised by both the Government of the Republic of Namibia and civil society.

Investment in this sector therefore has the potential to make a major contribution to poverty reduction. An increase in production, especially at the household level, also stands to make a major contribution to tackling stunting, which affects some 30% of Namibian children. The emphasis on Conservation Agriculture in NDP4 in this respect is also considered to have high potential for household food security. NDP4 recognises the gains to be made and sets out a variety of initiatives such as improving rangeland management, tackling invader bush, and linking cattle farmers in communal areas to local and international markets. Interventions directly aimed at communal livestock and crop producers have the potential to reach far more Namibian farmers as compared to the state farms under the Green Scheme which only support a few farmers while absorbing a considerable part of the Government of the Republic of Namibia's Agricultural budget.

Agriculture will be supported by both the EU Delegation and Germany.

EU Delegation:

- Linking rural primary producers to markets by supporting their sustainable productivity and adaptation to climate change, the development of rural-based value chains and the enhancement of the business environment for rural entrepreneurs.

Germany:

- Providing support to increasing agricultural productivity for new farmers under both the resettlement as well as the Small Scale Commercial Farm programme. Additionally, Germany will cooperate with the Government of the Republic of Namibia to fight bush encroachment aiming at increasing productivity of the rangeland and utilisation of the biomass, e.g. for electricity production.

## **Tourism**

The environment, its fauna and flora, are Namibia's biggest asset for further developing the tourism sector. Preserving its nature and developing and maintaining national parks therefore represents an important investment in sustaining and increasing tourism in Namibia. Sound development and maintenance of national parks has been identified as the foundation of growing tourism in Namibia. This will include integrating existing ecosystems through harmonised wildlife and park management in Namibia and across its borders. Through that cross-border tourism, economic development and not least fostering of regional integration will be promoted. Local communities will participate in these processes and directly benefit from tourism and utilisation of their natural resources.

### Germany:

- Germany will provide support to natural resource management including the development and maintenance of national parks. Activities in Namibia will be linked to regional activities such as the Okavango Zambezi Transfrontier Conservation Area (KAZA) or the Ai-Ais-Richtersveld Transfrontier Park.

### United Kingdom:

- UK will provide support to building the capacity of Namibians working in the tourism sector.



## ***7. EU Actions on Cross-Cutting Issues***

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In addition to supporting the Priority Areas identified above, European development partners will together seek to address the key cross-cutting issues that the Government of the Republic of Namibia has identified for the country, both by mainstreaming them in their work and, in certain cases, by allocating specific financing for them. NDP4 emphasises the importance of these cross-cutting issues which have also been stressed by civil society.

### **Capacity enhancement**

The EU Delegation will provide support to the National Planning Commission to strengthen its role of monitoring, evaluating and implementing the NDP4 and the 10<sup>th</sup> and 11<sup>th</sup> EDFs through the establishment a Technical Cooperation Facility and provision of capacity building. Finland will continue providing opportunities for collaborative projects and exchanges between Namibian and Finnish actors in the areas identified by Namibian counterparts which lack sufficient capacity or require capacity strengthening. In particular, collaboration will be encouraged but not restricted to fields of education and health. In addition, through regional programmes, capacity building efforts will be more specific to renewable energy as well as innovation and technology. France will support the Namibian police force. The UK will support the police force as well as providing support on trade negotiations and assistance to the Institute for Public Policy Research. Germany is providing capacity building through research and placements of integrated experts in specific institutions. In addition an important part of German Development Cooperation is implemented through technical cooperation, which focuses in general on capacity enhancement of partner institutions and organisations. Spain is providing capacity building through training and research in the field of marine and aquaculture resources and technical cooperation in sanitation, with specialized experts in the institutions.

### **Civil Society**

Namibia has a rich civil society sector consisting of Non-Government Organisations, Community Based Organisations and Civic Organisations. These provide a link between government and communities and contribute towards poverty reduction, good governance and democracy. However, they face numerous capacity constraints and challenges in their work. European development partners are in the process of agreeing an EU Roadmap for Engagement with Civil Society which will focus on promoting a conducive environment for these organisations, ensuring meaningful and structured participation in domestic policies and increasing their capacity as development actors. The EU Delegation, Finland and Germany will all provide financial support to civil society, predominantly on a demand-driven basis. European development partners will also interact with civil society by participating in the sectoral working groups organised by the Namibia NGO Forum (NANGOF).

Germany more indirectly supports Namibian Civil society through German foundations, church organisations and private actors as well as civil society organisations that usually partner with Namibian counterparts. The Federal Government regards the contributions of these organisations as an important complement to the governmental development cooperation and supports them financially outside the bilateral commitments.

Finland will continue supporting the development of an active and responsible civil society by providing opportunities for joint development projects between Namibian and Finnish civil society organisations. In addition, Finland will continue supporting Namibian civil society organisations through funding of locally implemented development projects that contribute towards realisation of Namibia's development goals. The overarching thematic areas of support cover human rights, gender democracy and good governance, green economy that creates employment and culture and development.

### **HIV/AIDS Prevention**

Certain diseases remain a key barrier for progress on morbidity and mortality in Namibia. HIV/AIDS remains one of the fundamental challenges. The high prevalence has a devastating effect on not only overall mortality but also maternal and child mortality rates. Germany will continue providing support to prevent new infections and to improve the regional and sectoral response in order to improve access to information, testing and treatment. HIV prevention will be treated as a cross cutting issue for all German development cooperation programmes, likewise in EU Delegation programmes and as such it will be related to the focal sector programmes.

### **Gender Equality**

Namibia has demonstrated commitment to the promotion of gender and women's empowerment by ratifying crucial international human rights instruments as well as by adopting significant legislative reforms and developing policies and programmes aimed at empowering women. Some of these instruments include SADC protocol on Gender and Development, the Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa as well as Convention on the Elimination of all Forms of Discrimination against Women (CEDAW). However, despite the legislative reforms and policies, cultural, social and economic matters continue to pose challenges towards the elimination of all forms of discrimination against women, as reported in the 4th and 5th CEDAW Country report in 2012.

Namibia's National Gender Policy (2010-2020) reinforces policy and programmes to achieve gender equality as well as promotion of women's empowerment. The policy describes that many development challenges have a face of a woman. Among these are increased prevalence of HIV and AIDS, high rates of gender based violence and continued pervasive gender- and intra-household inequalities, which exacerbate poverty. According to the Policy approx. 44% of households in the rural areas are female-headed. In addition, high mortality rate and sexual exploitation of women and girls are reported at an alarming rate in the media. Women are also underrepresented and lack capacity to make meaningful contributions at most levels of decision making, both in the public and private sectors. As a positive note, some of the political parties, including SWAPO, have recently endorsed 50/50 representation. Within the family setting, gender inequalities continue to undermine women's financial independence and personal autonomy, thus affecting their ability to exercise right in other spheres. (IPPR: Gender and Politics).

European development partners in Namibia agreed to the first joint EU Gender Action Plan in 2010 (annex 3). The action plan enhances the accountability on gender and ensures regular and relevant reporting. In addition, it provides platform to share best practices and lessons learnt. The EU development partners, through the implementation of the EU Gender Action Plan, have committed themselves to systematically place gender equality on the agenda of dialogues with Namibia.

Mainstreaming gender aspects in their development cooperation programmes is another important objective. European development partners will also work jointly with National gender platforms, such as National Taskforce on Gender and NANGOF Gender Working Group.

## **Human rights**

Since the country gained independence on 21 March 1990, Namibia's development has been characterised by political, macro-economic and fiscal stability. The country held five National and Presidential Elections since 1989, which were declared free and fair by foreign observers. The SWAPO Party has won all elections by a wide margin, and gained and maintained a two-thirds majority since the country's second elections. There is a formal separation of powers between the Legislature, Executive and Judiciary. However given the fact that all Ministers and some deputy ministers are Members of the National Assembly there is a strong overlap between the legislature and executive.

The Judiciary is independent, but there are concerns regarding its efficiency since court cases often take a long time before a ruling is made. According to the Global Competitiveness Report 2012, compiled by the World Economic Forum, Namibia ranks 39 out of 142 countries regarding the independence of the Judiciary.

In 2011, Namibia was rated first by Reporters Without Borders in terms of media freedom in Africa. Despite Namibia's best free press environment the country still lacks the Access to Information Act. The absence of the law makes it difficult for the public and particularly journalists to retrieve public information that is held by the State.

The Office of the Ombudsman is an organ of the State, established to promote and protect human rights, promote fair and effective administration and combat corrupt practices through independent and impartial investigation. The office is however constrained by the lack of funding and capacity.

In general Namibia maintains a positive human rights record. However, the Caprivi Treason Trial remains the biggest stain on the country's positive image. Other critical issues include gender based violence, the LGBT rights, as well as the empowerment of indigenous groups.

European development partners have agreed a Human Rights Country Strategy and Action Plan for Namibia and meet regularly in an EU Human Rights Working Group. The civil society have also emphasised the key role that they can play as human right defenders if provided with the necessary resources.

## 8. Pre-existing EU Support

As mentioned above, European development partners are not starting their cooperation from scratch in Namibia. Indeed, several will continue to implement on-going programmes that have already been agreed. These have therefore not formed part of the division of labour process undertaken for the design of the present Strategy but nevertheless do represent part of the overall package of European support to the country. Financial commitments that existed at the time of preparing this response strategy are not included in the table in chapter 6.

Some of the pre-existing commitments and actions fall under the Priority Areas and Cross-Cutting Issues identified above and as such have been described in the respective sections. The others are as follows:

- The **EU Delegation** will continue implementing programmes and projects for which financial commitments are in place at the time of preparing this response strategy, with estimated disbursements totalling €77 million. A breakdown of these disbursements per sector is as follows:
  - Water Supply and Sanitation: disbursements 2014-2015: €17.5 million
  - Education: disbursements 2014-2015: €12 million
  - Capacity Development: disbursements 2014-2017: €4 million
  - Health: disbursements 2014-2017: €5 million
  - Civil Society disbursements 2014-2017: €4 million
  - Climate Change disbursements 2014-2018: €7 million
  - Rural Development disbursements 2014-2018: €17 million
- The **European Investment Bank** has an on-going portfolio of €290 million and continues to be interested to provide loans for projects in logistical infrastructure, (renewable) energy, water & sanitation and private sector development in support of SMEs.
- **Germany** and Namibia have agreed to cooperate in three priority areas, i.e., Natural Resource Management, Transport, and Economic Development.

Since HIV/Aids has jeopardised the social and economic development of the country at all levels, the German development cooperation supports the partners in prevention work in the said priority areas. In order to enhance treatment, it is planned to support the setting up of an improved maintenance scheme for medical equipment.

As another cross-cutting issue the German Government promotes renewable energies in order to support Namibia in preparing for higher electricity demands. Together with NamPower a special facility for climate and environmental protection is planned to be set up. In addition studies are underway to assess how biomass, e.g. from invader bush could be used to generate electricity. In the same light, it should be noted that the Government of the Republic of Namibia, through the Ministry of Environment and Tourism, has established the Environmental Investment Fund to further strengthen environment protection and sustainability efforts within the sector.
- Germany will continue implementing programmes and projects for which financial commitments are in place at the time of preparing this response strategy, with estimated disbursements totalling €207 million. These commitments include loans offered to the Government of Namibia on the amount of approximately €95 million. Spending will depend on the

Government of Namibia taking up these loans. In addition commitments include a loan offered to NamPower of €45 million for programmes on renewable energy and energy efficiency.

- A breakdown of these disbursements per sector is as follows:
  - Sustainable Economic Development €23 million
  - Transport €85 million
  - Natural Resources Management €49 million
  - Energy €45 million
  - HIV/AIDS €5 million
- The **United Kingdom** provides support in the areas of tourism (approximately €11,500 per year) and security capacity building (approximately €40,000). Further, it provides assistance for trade facilitation and campaigns to promote greater transparency in the extractive industries. In addition it donates funds to wider commercial projects. Altogether the UK's pre-existing financial commitments do not exceed €100,000.
- **Spain** is still implementing programmes and projects for which funds have already been disbursed at the time of preparing this response strategy, with the following disbursements per sector:
  - Fisheries: €1.5 million (last disbursement in 2012)
  - SMSs Development: €0.5 million (last disbursement in 2012)
  - Sanitation: €1.2 million (last disbursement in 2011)
  - Health: €1.7 million (last disbursement in 2009)
  - Civil Society: €1.1 million (last disbursement in 2013)

## *9. Joint EU Positions and Communications*

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European development partners share common positions on many aspects of development cooperation and a series of specific joint positions have been agreed for Namibia. These include the Human Rights Country Strategy and Action Plan, the EU Gender Action Plan and the EU Roadmap for Engagement with Civil Society which is currently under development.

Additional joint positions will be agreed in light of developments in Namibia and on the basis of deliberations between EU Heads of Mission, EU Heads of Cooperation, EU Political Counsellors and dedicated EU sectoral working groups such as those on gender and human rights. Such positions will be communicated through the form of EU Local Statements and corresponding press releases.

Joint official approaches to Government will continue to be made in the form of regular political dialogues as well as ad-hoc “démarches” as and when needs arise. In addition, European development partners will continue to communicate regularly with capitals in the form of joint European Heads of Mission reports.

European development partners will work together on a number of communication products to ensure that the people of Namibia, the Government of the Republic of Namibia and other development partners are aware of their work. Communications on their individual activities will also make clear that these are part of an overall Joint Response Strategy.

## *10. Risk Assessment and Mitigation*

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Risks in Namibia are generally low, in some cases moderate. The main challenges as of today are largely in the areas of human resources capacity, financial management and transparency. Risks have been mitigated and continue to be mitigated through a range of activities supported by the EU and Member States. These aim mainly at improving efficiency, effectiveness and coordination in key sectors; enhancing capacity development through technical cooperation; increased accountability and transparency in budget processes with a focus on monitoring value for money.

Risks in the political field are low. Namibia is a democratic country where human rights and the rule of the law are generally obeyed, although there is room for improvement in certain areas. There is little potential in the country for insecurity or conflicts.

Risks in the macro-economic field are also low. The country follows policies that have led to good growth rates over the last decade, except in 2009, the peak year of the global economic and financial crisis. Budget deficit, debt stock, revenue collection and public expenditure are all at a largely sustainable level. Nevertheless, the IMF has repeatedly warned that the country remains vulnerable to exogenous shocks. A particular risk is the possibility that Namibia may relinquish its preferential market access to the European Union in 2014, which is likely to have a considerable impact on several industries, resulting in loss of revenue and foreign exchange earnings.

With regard to the further development of the country, the risk is moderate but can be mitigated. Sectoral policies are not always well coordinated and followed up, resulting in reduced efficiency and value for money. Data collection and preparation of results frameworks has already been improved through, inter alia, the establishment and operationalization of the autonomous Namibia Statistics Agency, but there is room for even further improvements. There are large variations in the capacity of ministries and agencies to drive the development of the country and continued capacity development is and remains a priority area for development partners. As Namibia is listed since several years as an upper-middle income country, it has seen and continues to see support by development partners reduced. This may result in a slow-down in achieving certain MDGs and a more equal distribution of the country's household income.

Public Finance Management has improved considerably over the last years and can be seen as a low risk area by now. Residual risks, like comprehensiveness and transparency in sector budget allocations, public procurement and data accuracy are all being addressed with substantial support from development partners.

As regards corruption and fraud, it is worthwhile to mention that Namibia ranks 58<sup>th</sup> out of 176 countries worldwide on Transparency International's 2012 Corruption Perceptions Index, putting it in the cleanest third of countries worldwide and above some EU Member States. Nevertheless, there is a perception within the country, sometimes portrayed by the press, that seems to differ somewhat. Namibia's Anti-Corruption Commission is publicly reporting on cases reported and prosecuted. Generally the risk is low to moderate.

## *11. Monitoring & Evaluation*

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A key difference between NDP4 and previous national plans is the emphasis on professional, effective monitoring and evaluation, the lack of which had been a serious concern for both development partners and civil society in the past. Each chapter in NDP4 now identifies a clear desired outcome and strategies to arrive at it. Measurable indicators, including targets, are also provided with baseline data existing for each. The leading institution responsible for the implementation of the respective strategy is also identified along with additional institutions that play a role in supporting implementation. Furthermore, the Plan clearly outlines the reporting structure for the lead institutions, including annual reviews, and attaches a high value to accountability and transparency.

The establishment of the autonomous National Statistics Agency is also expected to result in the provision of more timely, reliable and comprehensive data that will improve monitoring and evaluation across the board.

European development partners very much welcome these developments and would like to demonstrate their endorsement of the new measures by making use of national monitoring and evaluation processes to track the implementation of their activities under this Strategy as opposed to establishing separate, parallel mechanisms. However, complementary monitoring and evaluation will be undertaken as and when needs arise.

### **Annexes**

1. Full Joint Analysis
2. Agenda for Change
3. Gender Action Plan Namibia