

# Country strategy for development cooperation

**Namibia**

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REGERINGSKANSLIET

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# **COUNTRY STRATEGY**

**FOR SWEDISH DEVELOPMENT COOPERATION  
WITH NAMIBIA: 2004–2008**

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# 1 INTRODUCTION

The Swedish government has tasked the Swedish International Development Cooperation Agency (Sida) to draw up a proposal for a country strategy for continued development cooperation with Namibia for the period 2004–2008. The phasing out of donor assistance by 2008 and the transition to other modes of cooperation will form the basis of all future strategic cooperation. Sida has therefore been additionally instructed to propose ways in which bilateral development cooperation can be phased out without undermining previous undertakings, to recommend areas suitable for other forms of cooperation and to suggest possible funding approaches.

The present country strategy proposal thus comprises three main sections:

- *An analysis of the situation in Namibia, the outcome of development cooperation to date, and Namibian development and poverty reduction policies,*
- *Strategic considerations, aims and objectives of future development cooperation and proposals for phasing out development cooperation,*
- *A presentation of areas potentially suitable for broader cooperation including proposals on possible forms of funding.*

## 2 COUNTRY ANALYSIS — SUMMARY

### 2.1 POVERTY IN NAMIBIA

Today, 13 years after independence, poverty in Namibia remains widespread. With per-capita GDP at USD 1960 in 2001, Namibia is classified as lower middle-income country. In terms of human development, Namibia is above average compared with other sub-Saharan African countries, according to the UNDP human development index (HDI). This ranking (111) is based on the country's relatively high per-capita GDP, a high education index (0.81), high adult literacy (82 per cent) and a low life expectancy at birth index (0.42). However, the country's comparatively high GDP masks a highly inequitable income distribution, with large disparities between rich and poor. In Namibia, the Gini coefficient – which measures the degree of inequality in the distribution of income in a country – is one of the highest in the world.

A survey conducted in 1993–1994 revealed that 38 per cent of all households in Namibia were living in conditions of relative poverty, while 13 per cent were living in absolute poverty.<sup>1</sup> Poverty is feared to have increased still further since that time, mainly as a result of the spread of HIV/AIDS. The same study found that 85 per cent of poor households lived in the so-called communal areas in the rural north and north-eastern parts of the country. However, poverty is not confined to rural districts; it is found increasingly in the slums that have sprung up on the outskirts of major towns and cities. In these areas, infrastructure is meagre, social services are lacking and jobs are in short supply. Relatively high income levels and better living standards in the larger towns and cities are the main contributors to growing urbanisation in Namibia.

Agricultural workers in the commercial agriculture sector are another vulnerable population group. Households headed by single women or children are generally more vulnerable than those with an adult male provider. Poverty is also widespread among historically disadvantaged ethnic groups, such as the San people. There are indications that poverty among the elderly is on the rise, and over 20 per cent of children in Namibia live in penury. The state-financed social safety net is unequal to the greatly increased need for support. Nor in many cases can the ever-growing number of AIDS orphans be supported by their remaining relatives. Thus in many households, the ravages of HIV/AIDS can precipitate a catastrophic shift from simple poverty to total destitution.

Certain health indicators have improved since Namibia became independent. These include vaccination of children and the fight against malaria. However, life expectancy among women has fallen and child mortality rates have risen, mainly as a result of AIDS and its associated effects. Water scarcity poses a serious health problem everywhere in Namibia.

Ninety-eight per cent of all children enter primary school. However, half of all schoolchildren fail to go on to secondary school. Many drop out before sitting for the final primary school examination, and the marks of those that take the exam are often

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<sup>1</sup> A new survey of household income and expenditure is currently being undertaken (with Swedish support) in Namibia.

too low to enable them to pursue further studies. One reason for poor pupil performance may be the shortage of qualified teachers. The teacher-pupil ratio has fallen still further as a result of the HIV/AIDS epidemic. Other contributing factors behind the high drop-out rate are long distances between home and school, and the fact that families cannot afford school fees or study materials.

Inadequate food security is a serious problem for many people in rural districts and for low-income households in urban areas. In the towns and suburbs, poor food security is often due to unemployment, low-paid work or part-time work. In the countryside, where paid employment is uncommon, the limited access to natural resources is a vital factor. As the Namibian climate is predominantly dry and agricultural productivity correspondingly low, poor farmers are often forced to over-exploit scarce natural resources. Poverty could have a negative impact on the environment and thereby further reduce productivity in the future. So far, land reform has had no discernible impact on the situation.

An estimated 35 per cent of Namibia's working population are unemployed (the last workforce survey was conducted in 1997). It is calculated that as many as 90 per cent of the jobless are young people – who are also regarded as an HIV/AIDS risk group. Forty-eight per cent of all households rely mainly on paid work as a source of income. The informal sector in Namibia is relatively small.

## **2.2 THE IMPACT OF HIV/AIDS**

It is estimated that 23 per cent of the adult Namibian population (15–49 years) is HIV-positive. Namibia is thus one of the most severely affected countries in sub-Saharan Africa. Women are over-represented among the more recent victims of the epidemic. Moreover, women/girls are contracting the disease at increasingly younger ages. The epidemic has altered demographic patterns as a sizeable proportion of the population between the ages of 25 and 50 has died/is dying of AIDS. Life expectancy at birth is estimated to have dropped to 45 years, compared to 62 years in 1995. AIDS and HIV/AIDS-related diseases are now among the most common causes of death in the country. This trend is expected to continue for the next 10–15 years. The high adult mortality rate has also led to a dramatic rise in the number of orphaned children. There are an estimated 82,000 orphans in Namibia today and it is expected that the total number will have reached 118,000 by 2006.

Fearful of social isolation and other forms of discrimination often experienced by AIDS sufferers, few people come forward for HIV testing, thereby hampering efforts to stem the advance of the epidemic. The rapid spread of infection is also exacerbating poverty. The growing number of members in any given family suffering from AIDS places severe strains – social as well as economic – on surviving relatives. Low-income households are less able to cope with medical care costs and loss of income. The disease also heightens inequalities between men and women. Orphaned children are more likely to drop out of school than their peers. In some cases, they are forced to assume the role of family breadwinner. Young girls are often drawn into prostitution, where the risk of contracting HIV/AIDS is even higher.

HIV/AIDS poses a serious obstacle to effective poverty reduction. The epidemic will ultimately lead to a fall-off in the total volume of available public and private investment capital for development. It diverts resources urgently needed in other

sectors to the health and medical care sector. As the disease is most common among people in the productive age bracket, it tends to reduce the number of skilled, trained workers in the labour market. Nearly 35 per cent of all teachers in the education sector are thought to be HIV-positive. The disease has also taken a toll on the labour force in the commercial agriculture sector and among self-sufficient farmers. In the private sector, it is expected to increase company operating costs by boosting rates of absence through illness, adding to the volume of pension payments and accelerating the loss of trained/skilled workers.

### **2.3 SUSTAINABLE ECONOMIC DEVELOPMENT**

Namibia is comparatively stable in economic terms. Since 1999, the economy has grown at an average rate of 3.0 per cent per year. Over the last ten years, annual government revenue has been equivalent to 30–35 per cent of GDP. Taxes, including revenues from the Southern African Customs Union (SACU), indirect taxes on goods and services and payroll and company taxes, account for over 90 per cent of total government revenue. Total exports as a share of GDP fell from 51 per cent in 1996 to 44 per cent in 2001. Exports mainly comprise raw materials and primary products. The principal sources of export revenue are diamonds (40 per cent), fishery products (22 per cent), services including tourism (20 per cent), and cattle (12 per cent)

Public expenditure for 2000/2001 was equivalent to 36 per cent of GDP. Expenditure may be divided between operating costs and a development budget (approx. 5 per cent of GDP). In general, a relatively large proportion of Namibia's financial resources is expended on personnel costs, while a smaller share is used to cover interest payments on central government debt. The country has also recorded a budget deficit every year since independence, resulting in growing central government debt financed by domestic and foreign borrowing. In 2000/2001 central government debt stood at 27 per cent of GDP, of which foreign loans accounted for only 6 per cent. Loans are serviced mainly through the development budget. Interest payments for the same year accounted for 6 per cent of total government expenditure.

In order to balance the budget, a number of loss-making state-owned companies should be privatised. Air Namibia in particular has become a burden; over the last five years, the state-owned company has received appropriations amounting to over NAD 1 billion.

The Namibian economy is small, open and dependent on natural resources. The formal economy is dominated by a small number of primary industries – mining, fishing and cattle rearing – which together account for a significant share of GDP, as well as for the bulk of the country's exports and its export revenue. Modern economy and countryside alike are largely dependent on renewable and non-renewable natural resources. The former are distinguished by low productivity and high unpredictability. Namibia is the driest country in sub-Saharan Africa and water scarcity is regarded as the biggest obstacle to economic development. Given its inadequate water resources and generally poor, erosion-prone soils, most of Namibia is unsuitable for more intensive agriculture. On the other hand, the country has one of the world's most abundant fishing grounds.

Growth sectors include services, followed by food production and processing, construction, water and electricity. Tourism is currently the fastest growing sector; as

such, it has the potential to improve living conditions for the poor. The government has been encouraging foreign investment and the investment climate is generally favourable.

## **2.4 DEMOCRACY AND HUMAN RIGHTS**

Namibia is politically stable. The country satisfies the minimum criteria for a formal democracy: free and fair elections, a functioning legal system, free media, freedom of association and broad-based support for democracy. However, Namibia has not had a change of government since independence in 1990. Political activity is dominated at every level by a single political party, the South West Africa People's Organisation (SWAPO). Although political support for the governing party has grown and opposition parties and civil society are both comparatively weak, election turnouts have fallen in recent years. This is attributed to growing passivity among the electorate and/or inability to vote for administrative or practical reasons. Prior to the 1999 general election, the constitution was amended to allow president Nujoma to run for a third term. The question of further amending the constitution in order to allow the president to run for yet another term has been raised once again in the run-up to the forthcoming presidential election in 2004. However, the president has declared that he will not seek a fourth term of office.

Land tenure and distribution is another pressing issue. The land question has been a widely debated political issue since independence. Namibia's land redistribution policy is based on the principle that all "formerly disadvantaged" people have the right to apply to the government for land. This includes those who have the money to buy land. In order to acquire land for redistribution, the Namibian government has mainly applied the "willing-buyer, willing-seller" principle. The programme has been criticised, *inter alia* because the acquisition and redistribution of productive land has been unduly protracted, to the potential detriment of the poorer sections of the population.

Progress has been slow; so far only 30,720 of the 243,000 landless Namibians in the target group have been resettled according to an estimate made in 2003. The Namibian government has resolved to speed up the pace of reform and accordingly announced its intention to resort to land expropriation. The government maintains that land reform will continue to be implemented in accordance with existing legislation, that there will be a right of appeal and opportunities for dialogue, and that it is aware that the eyes of the world will be on the outcome of its decision. The issue should be followed closely and a vigorous dialogue held with Namibian representatives.

Namibia has ratified most of the international conventions on human rights. In general, the government observes international norms and procedures. However, the number of human rights violations rose during the unrest in Caprivi in 1999 following the decision to allow the Angolan government to carry out military operations against UNITA from Namibian territory. The number of violations dropped back with the coming of peace and demilitarisation in Angola.

Criticism has been directed at the delay in trying the Caprivi separatists and at public statements attacking homosexuals and minority groups. Nonetheless, the standard of



democratic governance is fairly high and corruption is less widespread than in other countries in the region.

Poverty has a detrimental impact on both political and civil rights in Namibia. Despite a functioning judicial system, the poor have little power or opportunity to make independent decisions or play an integrated part in the process of shaping policies and decisions. They have no access to legal aid when their rights are ignored or violated. They are also prevented from exercising their economic and social rights. The right of children to live and develop is especially threatened. The isolation and discrimination of HIV/AIDS sufferers and their families, as well as their increasing poverty, are of particular concern.

Violence against women in the form of physical abuse and rape, frequently perpetrated in the home, is common. Such ill-treatment is often based on traditional belief and value systems that emphasise the subordinate status of women. However, the problem has attracted growing attention in recent years, and the president and other government representatives have openly condemned violence against women. Rapists and people found guilty of abusing women have been given longer prison sentences than formerly. The police have reported a rise in the number of complaints of abuse. The president recently signed into law a proposal defining rape in broad terms and sanctioning convictions for rape even within marriage. NGOs have pointed out that the judicial system fails to offer adequate protection to vulnerable witnesses.

Child exploitation is a serious problem and an issue of growing concern. Long prison sentences are increasingly meted out for child rape and incest. Under the constitution, children under 18 are entitled to protection from sexual exploitation, child pornography and prostitution. There are shelters for women and children who have been abused or exploited and the police are offered training in handling cases involving sexually exploited children.

## **2.5 THE REGIONAL CONTEXT**

Namibia's regional links are crucial to the country's development and growth potential. The Namibian and South African economies are closely integrated. In 2000, South Africa accounted for 86 per cent of Namibia's imports and 26 per cent of its exports. With certain exceptions, money flows freely between the two economies, which also apply common foreign exchange control regulations. While cooperation gives Namibia stability and access to the much larger South African market, it also prevents the country from freely setting its own interest and currency exchange rates.

Regional stability is vital to Namibia as it creates conditions conducive to increased trade, investment and regional cooperation in a range of areas – particularly in connection with common water supply sources and marine-related concerns. The ongoing peace process in neighbouring Angola is a reassuring sign. Angola's economic recovery and the need for reconstruction in that country opens up a substantial market for Namibian goods and services. Already there are signs of increased economic activity in the border zones. The worsening situation in Zimbabwe gives cause for concern, however, both in Namibia and the region as a whole. The country's commitment to and active involvement in SADC is a measure of the importance it attaches to regional cooperation, particularly in view of the opportunity this affords Namibia to act as the "gateway to Southern Africa". Kaire

Mbuende, the secretary-general of SADC during the second half of the 1990s, was a Namibian. Namibia's withdrawal in 2003 from the Common Market for Eastern and Southern Africa (COMESA) was a clear sign of the priority accorded to SADC. In the light of Namibia's heavy trade dependence on South Africa, its participation in SACU is also significant.

Namibia is also seen as an avid supporter of the African Union (AU); the country's former ombudsman, Mrs Bience Gawanas, is now a commissioner in the AU with responsibility for social affairs. Namibia has adopted a somewhat sceptical, at times critical, attitude to the New Partnership for Africa's Development (NEPAD) in general, and its peer review mechanism in particular.

### 3 PRINCIPAL CONCLUSIONS OF THE PERFORMANCE ANALYSIS

#### 3.1 GENERAL CONCLUSIONS

The current country strategy for Swedish development cooperation with Namibia covers the period 1999–2003. Its primary objectives were to improve living conditions for the poor and to help promote democratic development and respect for human rights. The performance analysis covers the period 1999–2001. During that time, Swedish support to Namibia totalled SEK 354 million, distributed as follows:

<b>Social sectors</b>	<b>SEK 132 million</b>
<b>Democratic governance, including human rights</b>	<b>SEK 45 million</b>
<b>Infrastructure</b>	<b>SEK 145 million (incl. a loan of SEK 92 m. to Nampower)</b>
<b>Natural resources</b>	<b>SEK 13 million</b>
<b>Other</b>	<b>SEK 19 million</b>
<b>TOTAL</b>	<b>SEK 354 million</b>

A number of adjustments were made in the course of implementation. The most significant change was the greatly intensified focus on the HIV/AIDS problem. As the epidemic posed a direct threat to all development programmes and projects, more resources were channelled to combat its spread.

The performance analysis shows that most of the projects financed by Sweden attained their objectives at both project and sectoral level, and that significant results were achieved. However, there was no evidence to suggest that development cooperation efforts had succeeded in reducing total poverty inside the country. Most donors are concerned that poverty has not diminished and that the very considerable income disparities remain unchanged despite extensive assistance and relatively high income levels in Namibia.

Programme and project implementation is hampered by the lack of institutional and human capacity at government level. It is generally recognised that public institutions lack sufficient trained, qualified staff to implement policies, plans and programmes, with frequent delays as a result. The shortage of suitable personnel has been aggravated by the HIV/AIDS epidemic.

Although civil society is not well developed, there are a number of vigorous, efficient NGOs operating inside the country. However, these are largely dependent on external support. NGOs have a vital role to play, particularly in the spheres of human rights, the environment and HIV/AIDS. In some cases the government and NGOs cooperate by sharing tasks and areas of responsibility between them. The government aims to facilitate this type of cooperation, *inter alia* by developing a policy framework for partnership between government and civic organisations.

#### 3.2 SECTOR-SPECIFIC CONCLUSIONS

The aims of Swedish support for democratic development are to enhance Namibia's democratic culture, improve the management of government finances and strengthen civil society, and thereby promote democracy and respect for human rights. Funding has been disbursed to key public institutions and specific human rights ('watchdog') organisations. Examples include support for capacity building at the Office of the

Auditor-General (OAG) and technical assistance provided to the Central Bureau of Statistics (CBS). With regard to Swedish support for institutional capacity building, most programmes are still at the initial stages of development and it is therefore too early to assess their performance. However, it is evident that they are developing favourably. Core funding has been extended to the Legal Assistance Centre (LAC) and the National Society for Human Rights (NSHR). Support for civil society is highly relevant as the LAC and NSHR are responsible for much of the ongoing debate on human rights.

The overall aim of Swedish sectoral support for education is to improve access to education and promote greater gender equality, quality, democracy and efficiency within Namibia's school system. In 1999–2000 Sweden allocated funding to the following projects and activities: capacity building at the Ministry of Basic Education, Sports and Culture (MBESC), environmental education, construction of schools and homes for teachers, teacher training, book purchases for schools and libraries, and literacy programmes for adults. This initiative was particularly successful in terms of sustainability as most of the projects were taken over and run by the MBESC when Swedish funding came to an end. Follow-up studies showed a rise in the number of registered school pupils and adults in the literacy programmes. The number of classrooms and trained teachers also rose although implementation took longer than anticipated. As of 2003, funding for the education sector will be in the form of sector-wide approach support (SWAP).

The overall aim of Swedish support in the sphere of HIV/AIDS is to help limit the spread of and impact of HIV/AIDS in Namibia. Measures include support for preventive programmes for young people run by UNICEF and UNFPA, and capacity development of the Namibia National AIDS Service Organisation (NANASO). The Youth Health Development Programme has exceeded its original target – to reach 100,000 young people by 2001. The incidence of HIV/AIDS among young people aged 15–19 fell between 2000 and 2002. The project My Future is My Choice was awarded a prize<sup>2</sup> as one of the most effective large-scale programmes for the prevention of HIV among young people. Despite organisational problems, the Namibia Network of Aids Service Organisations (NANASO) succeeded – with the help of Swedish funding – in enhancing its capacity to provide members with an effective network. In sum, support for the above projects has given people enough knowledge to take well-informed decisions and make their own choices in the struggle to reduce the spread of HIV and augment badly needed human capital.

The aim of Swedish support for natural resource management has been to promote sustainable use of natural resources and sustainable economic development. Support has been extended for capacity development in authorities and organisations, water resources management, the development of communal conservancies, and environmentally sustainable and income-generating activities at local level. As water scarcity is an important limiting factor in Namibia, many of these activities have focused on water-related issues. In addition to bilateral support, details of which are given below, regional funding has also been provided for the management of common water resources. The outcome has been favourable and synergies have been obtained. Thanks to Swedish support, the Ministry of Environment and Tourism (MET) was better able to provide economic analyses and

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<sup>2</sup> The Commonwealth HIV Prevention Prize.

advice. Support for a so-called environment fund, from which organisations can seek funding for small projects, has been a success and a number of projects have already experienced catalytic effects. Support for the National Conservancy Programme has enabled poor farmers to gain access to and exercise the right to decide over natural resources in their respective areas. The programme has also generated economic benefits through increased tourism in the nature conservancies.

The overall aim of Swedish support for enterprise development has been to promote investment and trade. Support has mainly been extended to local enterprises belonging to the Namibia Community Based Tourism Association (NACOBTA). NACOBTA has successfully assisted community-based tourism enterprises to become economically sustainable by helping them generate higher incomes and more jobs. However, the aim of generating income for NACOBTA, thereby ensuring economic sustainability, was not achieved. Support for Namibian industry channelled through Namibian Quality Infrastructure (NQI) was used to develop suitable structures for standardisation and quality assurance, and to draw up a regulatory framework aimed at ensuring that Namibian industry meets internationally recognised quality standards. The project's overall aims were achieved and tangible results were obtained. However a number of sub-goals were not fulfilled owing to delays and lack of clarity regarding project ownership.

In the transport sector, Swedish support has been used to help develop government transport policy and labour-intensive road-building projects, reform the Ministry of Works, Transport and Communication (MWTC), set up a wage-earners' forum, and provide further training for engineers via a grant scheme, the Young Professionals Programme. Sweden also contributed to the return to Namibian ownership of Walvis Bay – Namibia's largest and only deep-sea port – which belonged to South Africa until April 1994. Other measures included support for the establishment of the Namibian Ports Authority and advice to the MWTC and a number of state-owned companies under its control. Areas which received funding and assistance have been strengthened and support efforts are deemed to have been successful, despite the fact that the MWTC still lacks competent, qualified personnel.

## 4 NAMIBIA'S DEVELOPMENT POLICY

Namibia's overall development goals, set out in the country's second National Development Plan (NDP 2) for 2001–2002/2005–2006, is to promote continued economic growth, create more jobs, narrow income gaps and reduce poverty. Specific poverty reduction targets include a 5-per-cent decrease in the number of households living in poverty and absolute poverty respectively by 2006, and a parallel reduction in regional disparities. The government has drawn up a number of instruments for combating poverty, the most important of which is the Poverty Reduction Strategy (PRS) with its accompanying National Poverty Reduction Action Programme (NPRAP).

A critical obstacle to the implementation of the country's development and poverty reduction policies is a funding deficit of approximately NAD 8.5 billion. External funding, in the form of development assistance and concessionary credits, has fallen off in recent years. In 2001 it amounted to approximately NAD 450 million – NAD 300 million less than in 1998. The European Community and Germany, the largest single donors, intend to continue long-term development cooperation with Namibia.

A number of donor nations, including Great Britain, the Netherlands and Finland, are preparing to phase out development cooperation with Namibia. Namibia's status as a lower middle-income country is a significant factor in this connection as most donors normally choose to focus their long-term bilateral development cooperation efforts on the poorest countries of the world. Although trade with Namibia may not be a top priority concern of these nations, many would welcome increased commercial cooperation with the country. Closer relations are encouraged through visits by trade delegations from both sides. Finland is also anxious to promote wider contact through other stakeholders, e.g. non-governmental organisations. Finland is roughly in the same position as Sweden in terms of development cooperation with Namibia and has yet to elaborate a comprehensive programme as a basis for a new relationship with that country. Sweden should therefore seek to maintain close, continuous dialogue with its Nordic neighbour.

Moreover, the development budget for NDP 2 is based on a projected annual GDP growth rate of 4.3 per cent between 2001 and 2006, while annual growth in 1999–2001 did not exceed 3.0 per cent. The government and the line ministries should therefore seek agreement on priorities at national and sectoral level.

Although the standard of living in Namibia has risen in certain respects since independence in 1990, total poverty has not diminished. The social sector has seen most progress, particularly with regard to the expansion of the school system. Namibia currently has a 98 per cent enrolment rate and adult literacy is high. Investment in the education sector in recent years has been equivalent on average to 9 per cent of GDP, twice the average figure for other countries in the region. Over 40 per cent of the government budget is allocated to the social sector as a whole (education, health and social security systems).

The government has recently announced that it intends to make antiretroviral drugs available to sufferers. This marks an important step in the fight against HIV/AIDS. The government has approved the local production of generic anti-HIV/AIDS

preparations with the aim of ensuring that all sufferers have access to treatment free of charge. This initiative, which forms part of a broad-based national programme for combating the spread of the epidemic, the Second Medium-Term Plan on HIV/AIDS, will serve to complement and intensify HIV/AIDS information and education programmes currently running in Namibia. The country recently received a grant of USD 113 million from the Global Fund to Fight HIV/AIDS, TB and malaria. The bulk of the funds will be used to combat HIV/AIDS. The National Planning Commission has recently set up a special HIV/AIDS unit to coordinate all activities in this sphere.

The Namibian government's efforts to promote economic growth and development are aimed primarily at establishing Namibia as an attractive, competitive country for foreign investment. Since the mid-1990s, a combination of free economic zones, tax concessions and customs-free exports to the USA have successfully attracted foreign direct investment. The Walvis Bay-Lubumbashi Transport Corridor could potentially make Namibia the transport hub of the SADC region. Compared to its neighbours, Namibia has competitive prices, low crime rates and low levels of corruption.

Namibia has yet to negotiate an Economic Partnership Agreement (EPA) with the European Union. Moreover, it is not yet clear whether it will conduct negotiations within SADC or SACU, or when talks will begin. Although in the view of many observers Namibia is not properly prepared or equipped for such negotiations, the existing Trade, Development and Co-operation Agreement between the EU and South Africa could provide a serviceable basis. Like the talks now under way in the WTO, these negotiations represent a vital trade policy development for Namibia.

The government has recognised that responsible use and management of natural resources – particularly water – is not just a national concern in itself; is also a precondition for achieving other national goals such as economic growth and more jobs. This means that Namibia must partly abandon its dependence on primary industries and seek other sources of income. It must address the need for environmentally appropriate mining and industrial operations, promote the sustainable use of fishing waters and arable land, ensure the protection of scarce water resources and involve the public in efforts to protect wildlife in the communal lands. Major efforts are being made to restore fish stocks and keep them at sustainable levels. Loan programmes for businesses, investment in industry and the creation of more jobs are other central components of the government's agricultural development policy. Land reform and the creation of conditions conducive to long-term, sustainable use of natural resources will be crucial to the success of the government's efforts.

In conclusion, there are numerous factors that militate against efforts to reduce poverty in Namibia. The HIV/AIDS epidemic is particularly worrying. The political will to reduce poverty appears to have strengthened in recent years and more far-reaching measures may be expected in the future.

However, reducing poverty in the medium term and achieving a more equitable distribution of income is predicated on a combination of extremely high economic growth, a more radical wealth distribution policy favouring the poor, and effective measures to combat the spread of HIV and its progression to AIDS.

The present government is unlikely to endorse a rapid redistribution of property and resources as this would place the country's economic and political stability at risk and threaten international investment and trade. On the other hand, growing income disparities and inequalities pose a serious risk. The marginalisation of certain social groups, combined with increasing economic prosperity for Namibia's elite, could result in increased violence and crime, and possibly even political unrest. The government must therefore find a way of meeting long-term national development goals while bringing about immediate improvements for the most vulnerable groups in society.



## 5 STRATEGIC CONSIDERATIONS

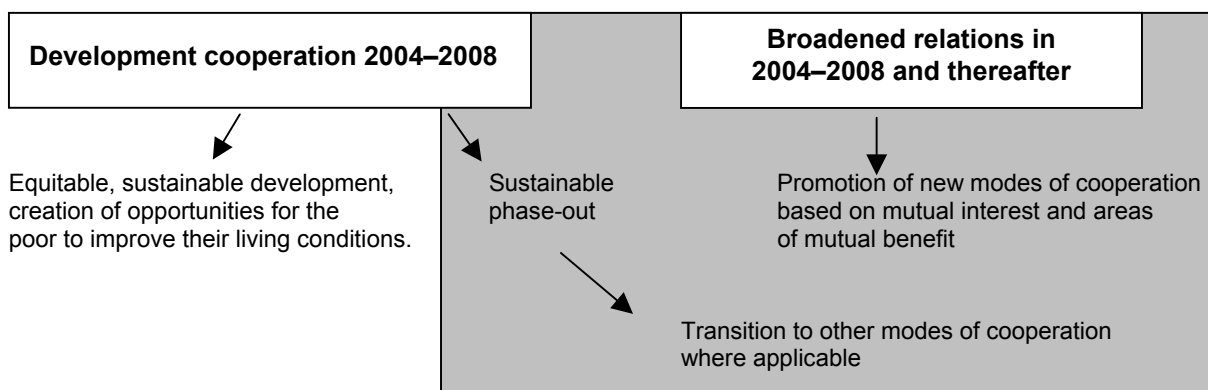
### 5.1 THE TASK OF THE SWEDISH GOVERNMENT

The bonds forged between Namibia and Sweden during the former's struggle for independence were transformed in 1990 into a more practical expression of support, namely bilateral development cooperation. The goal of Swedish support for the newly independent state was to help promote development and improve living standards for the population as a whole for a transitional period. Support was chiefly targeted at the education, transport and administrative sectors. In the light of Namibia's prosperity relative to the rest of the region, Sweden and Namibia agreed that development cooperation would be built up, consolidated and phased out over a period of 10 to 15 years. Other modes of cooperation, of mutual benefit to the two parties, would be developed as donor assistance was phased out.

The Swedish government's task during the 2004–2008 country strategy period will be to phase out ongoing Swedish bilateral development cooperation with Namibia. A vital mission in the coming period will therefore be to ensure that Swedish support is phased out in a sustainable way, i.e. that the cessation of Swedish funding does not jeopardise previous achievements or investments.

At the same time the government is anxious to step up efforts to develop and strengthen other modes of cooperation between Namibia and Sweden. These must reflect the broader relations that have developed between the two countries and be based on mutual interest and areas and activities of mutual benefit. Special importance must be attached to strengthening trade, tourism and direct institutional cooperation between the two countries.

The parallel processes defined in the country strategy are illustrated below:



### 5.2 PRIORITIES

Swedish development cooperation with Namibia is based on the Namibian government's development plans (NDP2, PRS and NRAP). These also provide a basis for dialogue and consultations between the Namibian government and the donor community as a whole. It is also in Sweden's interests to support civil society in

view of its role as a supplier of services and a pressure group in the development process. Support will accordingly be extended to NGOs and government institutions.

As stated in the country analysis, the HIV/AIDS epidemic poses a serious and growing threat to development efforts. Directly or indirectly, the epidemic will affect implementation of all programmes and projects funded by Sweden during the strategy period. Special attention will therefore be focused on the disease throughout the period and efforts will be made to integrate HIV/AIDS into the country programme. Sweden will also continue providing direct support to HIV/AIDS programmes in Namibia.

The country analysis reveals that certain social groups are victims of various forms of discrimination. Poor women and children, and families and individuals suffering from HIV/AIDS are particularly vulnerable. It is vital that poverty reduction programmes and projects also address discrimination and neglect of human rights. Efforts will therefore be made to focus attention on gender equality concerns and a non-discriminatory approach in all Swedish support sectors. Direct Swedish funding for vulnerable groups will mainly go to projects involving HIV/AIDS, education and human rights.

### **5.3 DIALOGUE WITH COOPERATION PARTNERS**

Dialogue is a vital instrument in the context of development cooperation. It will become an increasingly important tool now that Sweden intends to phase out donor assistance while seeking to preserve and broaden relations with Namibia. During the strategy period dialogue must focus on establishing and reinforcing Namibian ownership of development programmes and projects. It must also be used to ensure that allocation of Swedish support is in line with Namibian priorities. When the strategy process was first launched, the parties initiated a high-level policy dialogue on ways of broadening Namibian-Swedish relations. This will continue throughout the strategy period, both in Namibia and Sweden.

The principal dialogue partner for development cooperation is the Namibian National Planning Commission Secretariat (NPCS). Continued dialogue with other partners, e.g. line ministries and implementing organisations will also be important, particularly in the initial years of the forthcoming strategy period. The Swedish embassy has developed a format for this dialogue, focusing mainly on the sustainability of the programmes and projects that have so far received support from Sweden. In due course, this dialogue will also be broadened to include scope for other modes of cooperation.

The political dialogue focuses on poverty reduction, combating HIV/AIDS and current issues relating to democratic governance. Sweden is conducting a dialogue with representatives and decision-makers at various levels of government and civil society. Regular donor conferences, sector-wide reviews and other essential consultations also serve as important forums for dialogue, as do meetings with heads of EU missions.

## 5.4 PRINCIPLES FOR PHASING OUT SWEDISH DEVELOPMENT COOPERATION

Phasing out Swedish donor assistance will involve a certain amount of flexibility. In areas where Sweden is already involved, decisions as to how Swedish resources are to be deployed should be guided by the priorities laid down by the Namibian government through the National Planning Commission Secretariat. A high degree of Namibian ownership is essential if Swedish support is to be phased out effectively.

*As was pointed out earlier, Swedish support must be phased out in a sustainable way, in the broad sense of the term. Thus it is essential that cessation of Swedish support during the strategy period does not undercut previous achievements or investments.*

Swedish funding for the various projects and sectors will be phased out at somewhat different rates according to the particular activity and volume of support. Thus bilateral assistance, including all agreements, must have been wound up by the end of 2008. Until then, however, the process can be implemented with substantial flexibility in order to ensure optimum effectiveness and a smooth transition to other, broader modes of cooperation. Continued Swedish support for “old activities” and funding for “new activities” during the 2004–2008 strategy period will come under the integrated financial allocation for Namibia (within the budget framework for Africa). In addition, a number of criteria have been put forward for assessing proposed interventions (see below).

Currently funded “activities” (projects or sectoral programmes) can continue to receive support if:

- it is felt that additional support extended over a relatively short period can play a significant part in achieving the overall aims of Swedish development cooperation, and/or
- further resources are needed to attain a higher degree of sustainability with regard to achieved outcomes and/or previous investments.

In exceptional cases and to a limited extent, consideration may be given to support for a new or expanded “activity” (project) provided:

- such support is deemed to be of strategic significance during the period – as a means of consolidating results previously achieved or strengthening the capacity of the implementing party – and to play a significant part in achieving the overall aims of Swedish development cooperation, and/or
- it is felt that such support will facilitate or lead to other modes of cooperation as described in Chapter 8 below. Initiatives based on this criterion will be allowed to extend outside the sectors formally designated for development cooperation.

## 6 DEVELOPMENT COOPERATION GOALS 2004-2008

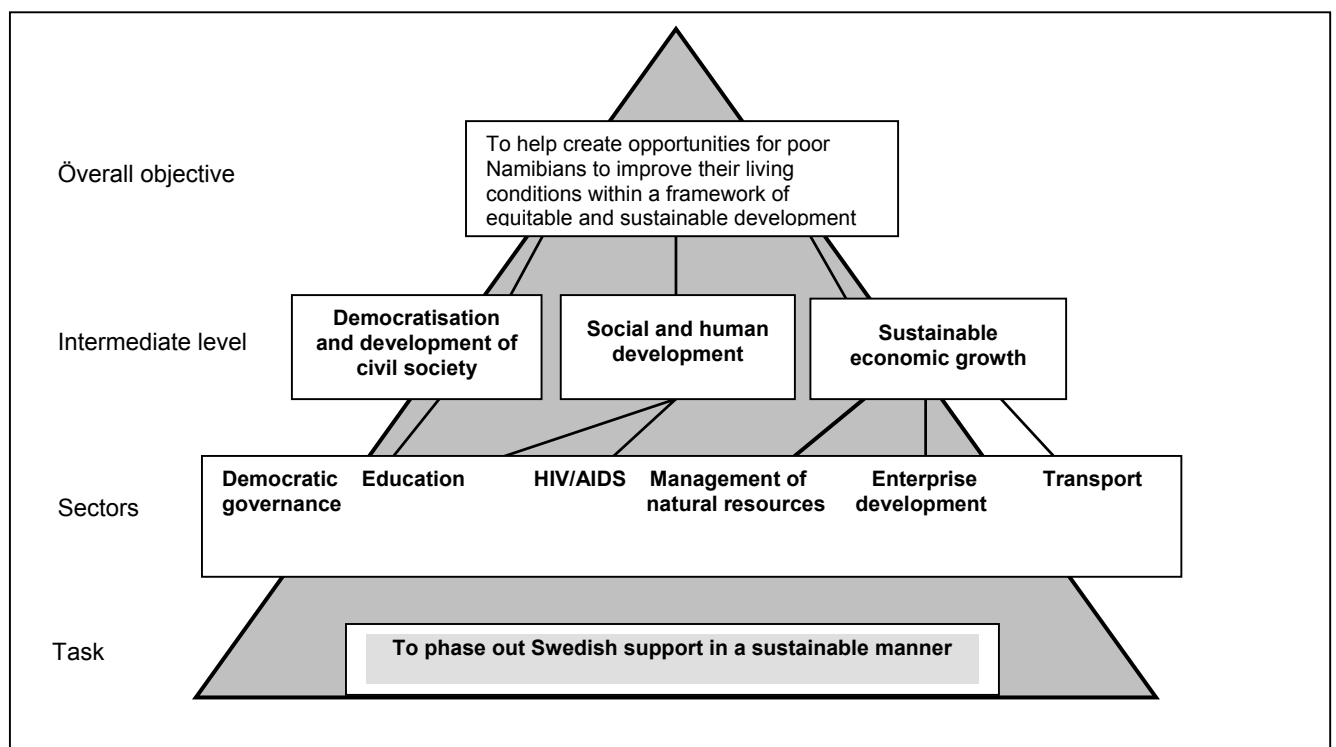
The overall goals of Swedish development cooperation with Namibia during the strategy period 2004–2008 are to contribute to equitable, sustainable development and help create opportunities for poor Namibians to improve their living conditions, within a framework of equitable, sustainable development.

The ultimate objective of the country strategy is to phase out ongoing Swedish bilateral development cooperation with Namibia. The intermediate level, shown in the diagram below, refers to 'processes' which Sweden aims to support and promote through sectoral and project-based funding. Funding will be extended to the same sectors supported in the previous strategy period.

Swedish support must promote:

- Democratisation and development of civil society. Measures include strengthening democratic culture, promoting transparent management of public funds, providing assistance in election processes and extending support to organisations in civil society.
- Social and human development. Measures include helping to develop a better education system accessible to all, and preventing and combating HIV/AIDS.
- Sustainable economic growth. Measures include support for natural resource management, promotion of growth and enterprise development and the environmentally sustainable provision and maintenance of infrastructure and transport services.

As the strategy period is of medium duration (5 years), outcomes will be measured primarily in relation to goals at sectoral and project level, and in light of its underlying mission – to phase out Swedish support in a sustainable manner.



## **7 AREAS FOR DEVELOPMENT COOPERATION 2004–2008**

### **7.1 DEMOCRATIC GOVERNANCE**

The overall objectives of Swedish support for democratic governance are to enhance Namibia's democratic culture, improve the management of government finances and strengthen civil society, and thereby help promote democracy and respect for human rights.

It should be pointed out in light of the task set out in the 2004–2008 country strategy that cooperation in this sector is behind schedule. Although implementation should be well under way by now, most programmes are still in the initial stages. As they have not yet reached the point where they can progress unassisted, they will continue to be supported during the strategy period. For some time now, supplementary support has been extended to the Namibian Ministry of Finance with a view to assisting the ministry in its efforts to improve financial management systems. This support is regarded as vital to Swedish development cooperation, in particular sectoral programme funding for education. It is expected, among other things, to lead to more transparent management of public funds. The prospects for support for a supplementary programme to address public integrity and corruption-related issues will also be explored.

Continued emphasis should be placed on the need to strengthen Namibia's electoral commission as part of ongoing cooperation in the sphere of civic and voter education and in the Voter Registration Programme.

It is proposed that efforts to strengthen democracy and respect for human rights through the use of information and communication technology (ICT) and cooperation with SchoolNet Namibia be continued throughout the period.

#### ***Phase-out strategy***

During the first two years of the new strategy period, discussions involving all parties will be held to devise ways of phasing out activities in a sustainable way. New programmes, including those referred to above, will only be considered if they add value to previously allocated resources, and if they conform to one of the four criteria set out in section 5.4 above.

### **7.2 EDUCATION**

The overall aim of sectoral support in the education sphere is to contribute to human and social development in Namibia by seeking to ensure equitable access for all children and young people in Namibia to an improved and more effective education system. Swedish sectoral programme support in the education sector is based on the strategic plans drawn up jointly by the Ministry of Basic Education, Sport and Culture and the Ministry of Higher Education, Training and Employment Creation for 2003–2007. Support is co-financed by the European Commission and channelled through the State Revenue Fund. The funds will thus be visible in Namibia's medium-term expenditure framework (MTEF). An important task in connection with the programme is to support measures to prevent the spread of HIV and to reduce the impact of HIV/AIDS in the education sector.

### ***Phase-out strategy***

Swedish sectoral programme support in the education sector is predicated on clear Namibian ownership and based on existing financial and institutional systems. The MTEF allows the Ministry of Basic Education, Sport and Culture and the Ministry of Higher Education, Training and Employment Creation to factor in all costs over a rolling three-year period, keeping within an expenditure ceiling set by the government. It also enables the Ministry of Finance to identify efficiency gains and priorities within existing budgetary frameworks. These factors, along with the Sweden-EU Commission partnership, provide a sound basis for the sustainable phase-out of Swedish support. If continued Swedish funding for education is proposed after the current agreement expires in 2007, the prospects for deeper cooperation with the European Commission should be explored.

The feasibility of initiating and developing direct institutional cooperation between Namibian and Swedish authorities in the education sector will be examined.

### **7.3 HIV/AIDS**

Although the Namibian government allocates substantial resources to programmes and projects aimed at combating the epidemic, and despite support approved by the Global Fund, available funds will fail to meet current and future needs, thereby hampering the fight against HIV/AIDS. The Global Fund allocation is intended to finance the expansion of existing programmes/projects involving prevention, care and support. However, most of the funds will be used to procure antiretroviral and other drugs. Both the government and civil society still suffer from a critical lack of resources. Swedish support in this area is felt to be of strategic value as it involves national, non-governmental and community organisations, as well as young people, in the fight against the disease.

The overall aim of Swedish support in this sphere is to help limit the spread and impact of the disease in Namibia and, in so doing, promote social and human development. This will be done by educating young people and enhancing their ability to take part in preventive work, and by strengthening civil society. Sweden will be cooperating with UNICEF, UNFPA and UNAIDS, and with civil society representatives. HIV/AIDS issues will also be integrated into the country programme, primarily in the spheres of education, transport and natural resource management.

### ***Phase-out strategy***

The fight against HIV/AIDS is a priority task. The question of whether to continue providing support in this area should be raised during the mid-term review in 2006. Support for further integration of HIV/AIDS issues with other programmes may be needed and it is proposed that Sweden identify players with whom collaboration is likely to yield synergies. When Sweden's bilateral agreements with UN bodies expire, it should study the possibility of continued support through multilateral channels or via the Sida regional HIV/AIDS Team (regional allocation).

Sweden should also raise the HIV/AIDS issue in its dialogues with the Namibian government, multilateral organisations, other donors and cooperation partners.

## **7.4 MANAGEMENT OF NATURAL RESOURCES**

The country analysis concludes that long-term economic growth, improved living standards and a better quality of life can only be achieved through the sustainable use of natural resources. Namibians also view environmentally sustainable development as a condition for development and poverty reduction.

The aim of support in this sector is to continue to help promote sustainable economic growth through responsible management of natural resources. This will require continued support for measures aimed at boosting the capacity of institutions, organisations and society at large to manage natural resources in a responsible way. These efforts will not only enhance public knowledge and understanding of natural resources and their sustainable use but also encourage the development of environmentally sustainable, income-generating activities. The main cooperation partners here will be ministries, NGOs and community-based organisations.

Most of the projects in this sector currently funded by Sweden will be wound up in 2004. Any new agreements must observe the criteria outlined in section 5.4 above. Sweden must make every effort to strengthen and consolidate previously achieved results, and/or rectify any deficiencies that may come to its notice.

### ***Phase-out strategy***

In 2003 cooperation partners opened a new dialogue on the phase-out process. The aim was to enable projects to continue without bilateral Swedish support. It was proposed that funding in this sector be maintained until the end of 2006, which would allow activities to be consolidated and wound down before Swedish support came to an end.

Sweden must also explore the feasibility of other modes and forms of cooperation in this sector. The integration of Namibia into sub-regional and regional initiatives (regional appropriation), especially those involving water resource issues, and the encouragement of institutional cooperation on environmental matters are seen as particularly interesting proposals.

## **7.5 ENTERPRISE DEVELOPMENT**

The aim of Swedish support for enterprise development in Namibia is to contribute to sustainable economic growth through the creation of new jobs. In recent years, Sweden has consolidated and cut back support in this sector, and funding will be phased out altogether in 2004. The remaining components include support to the tourist industry (NACOBTA) and for the development of the Walvis Bay Corridor Group.

### ***Phase-out strategy***

Support for enterprise development in Namibia will continue as part of the transition to broader cooperation between Namibia and Sweden, as outlined in Chapter 8 below.

## **7.6 TRANSPORT**

The overall aim of Swedish support for the Namibian transport sector is to contribute to the construction and maintenance of transport infrastructure, the operation of safe

and efficient transport services, the efficient management of public funds and the strengthening of the sector's contribution to economic growth.

A traffic safety programme launched in 2003 will, if proven successful, be extended into the first years of the coming strategy period. As job creation has been identified as a vital concern in Namibia, funding for a labour-intensive road works programme should be considered. The impact of HIV/AIDS on the sector as a whole will be assessed. Other cross-sectoral issues that may be considered include traffic safety and efficient transport corridors.

***Phase-out strategy***

Swedish support for the transport sector will be phased out in the first half of the forthcoming strategy period. This sector is considered capable of supporting broader relations between Namibia and Sweden, based on direct institutional cooperation. The Walvis Bays transport corridor could also serve as hub for expanding trade in the region.



## 8 THE TRANSITION TO BROADER-BASED COOPERATION

### 8.1 OUTLOOK

The present country strategy is predicated on a transition to broader forms of cooperation between Namibia and Sweden, based on the two countries' mutual interests. Areas declared to be of special interest include trade, tourism and direct institutional cooperation. Since 1990, development cooperation has been the principal mode of interaction between Namibia and Sweden. Attempts have been made to broaden relations. Trade is still modest in volume terms but is deemed to have growth potential. A number of Swedish authorities, institutions and NGOs cooperate directly with their counterparts in Namibia. Though generally limited, these initiatives prove useful gateways to enhanced cooperation between the two countries. Although the cut-off date for bilateral development is at the end of 2008, broadened cooperation will extend beyond the strategy period. The latter accords well with Sweden's new global development policy.

Expectations regarding broader cooperation with Namibia must be kept at a realistic level, however. Interest on the part of Swedish authorities, institutions and organisations in embarking on cooperation with Namibian counterparts – and *vice versa* – will be stronger in some areas than in others. The fact that the Namibian market is still relatively small, combined with institutional limitations in civil society and within government authorities, may tend to discourage interest in cooperation.

Successful promotion of broader cooperation is contingent on resource allocation. It is proposed that Sweden initially extend financial resources through the development assistance budget to build up and develop contact points and cooperation channels (see also Chapter 10).

An account of possible financing methods and available tools is presented in sections 8.2-8.3 below. Each tool should be assessed on the basis of its applicability to broadened cooperation between Namibia and Sweden. A precondition for a long-term, sustainable partnership, however, is the gradual replacement of government funding by other forms of financing, e.g. commercial investment or direct cost sharing. The prospects for long-term financing should therefore be assessed on a case-by-case basis.

The transition to a broader mode of cooperation between Namibia and Sweden should be accompanied by a dialogue at political level between the two countries. A Swedish-Namibian working group has accordingly been appointed. The group, whose Swedish delegates will be headed by State Secretary A. Söder, will be required to maintain close, continual dialogue on the transition from conventional development cooperation to broader modes of interaction, and identify areas of mutual interest for future cooperation. Advantage should be taken of experience gained in South Africa and from participation in the Bilateral Commission. Broader cooperation will also call for the more extensive exchange of information on possible areas of cooperation and cooperation partners in Namibia and Sweden, and more intensive collaboration between government agencies, business enterprises, institutions and NGOs.

The Swedish Ministry for Foreign Affairs may take steps to strengthen its presence in Namibia in order to pursue the question of broader cooperation. Special focal points will be appointed in Sweden and Namibia alongside ongoing promotional activities with a view to facilitating trade and cooperation and any future cooperation between authorities, institutions and countries. The focal points will contribute by devising specific measures and actions aimed at facilitating broader cooperation. They will be required to report to the working group as and when necessary. Funding for focal point activities should be based on available financing (sections 8.2–8.3) plus a small budget for travel, exchange of information and the like. It is proposed that the initiative be financed out of development assistance funds during the first three years of the strategy period and that subsequent focal point activities be subject to review.

Finally, mention should be made of the fact that the political and economic map of the SADC region is changing rapidly. New initiatives in Africa – such as NEPAD and the transformation of SADC, to name just two – could open new avenues and prospects for Swedish-Namibian cooperation – opportunities which we cannot foresee today.

## **8.2 TRADE**

The Namibian and Swedish economies are both highly dependent on foreign trade. However, trade between the two countries is not extensive. In 2002, Sweden imported goods worth a total of SEK 4.5 million from Namibia, while the total value of Swedish exports to Namibia came to just over SEK 7.5 million. There are currently 10 Swedish companies represented in Namibia.

Sida has supported enterprise development in Namibia through various initiatives, the most important of which were support to the Namibian Chamber of Commerce, development of quality assurance in the industry sector and assistance to the tourist industry. To promote trade relations between Namibia and Sweden, a Swedish official responsible for trade and industry promotion and enterprise development was seconded to the Swedish embassy in Windhoek between 1998 and 2000.

The project generated few commercial initiatives and Sweden concluded that the scope for extending trade relations at the time was limited. The findings of a mid-term review of cooperation with Namibia in 2001 included a recommendation that proactive efforts to promote investment, trade and closer contact between institutions and organisations in the two countries be discontinued. Instead it was proposed that a reactive approach be adopted, and that contract-financed technical cooperation and international courses should be used to stimulate trade.

The Swedish government has since reconsidered its position and is now once more advocating proactive measures. Growing interest in Sweden in Namibia's neighbour, South Africa, indicates there is real potential for more extensive trade relations with the region. A large number of Swedish companies are already established in South Africa. Their presence provides potential a gateway for trade and investment in Namibia as well. The inclusion of Namibia in the Swedish South African Partnership Fund (SSBF) is currently under consideration.

The supply of regional transport services via the port at Walvis Bay and the transport corridor should be of interest to Swedish companies operating in the region. Other business opportunities include trade in water conservation technologies, eco-tourism

(e.g. Jambo Tours) and imports to Sweden of eco-products from Namibia. Sweden is working closely with various institutions established to promote the growth of Namibian enterprise, such as the Centre for the Development of Enterprise (CDE) in Brussels, the African Project Development Facility (APDF) and the African Management Services Company (AMSCO).<sup>3</sup>

Financing methods and tools:<sup>4</sup>

- Guarantees, credits and loans on favourable terms.
- StartSyd: credit facilities incorporating a capacity-building component.
- Contract-financed technical cooperation.

### 8.3 DIRECT INSTITUTIONAL COOPERATION

Over the years, numerous ties have been established between Swedish and Namibian authorities, institutions and organisations. Many of these relationships are based on personal contact, experience and interest, and are not associated with projects or programmes forming part of conventional development cooperation between Namibia and Sweden. Examples of Swedish institutions with contacts in Namibia include the Vänersborg Museum, Umeå University, Linköping University, Stockholm University and the Royal Institute of Technology. Institutional cooperation also takes place in a number of other areas. Activities include the exchange of information and know-how, capacity development, research and student exchanges.

However, relations built up in the course of development cooperation are also maintained. It should be possible to build on the two countries' accumulated experience in this area, and in certain cases allow these relations to live on outside the development cooperation framework and develop into sustainable partnerships. In the education sector, for example, Namibian and Swedish institutions have expressed interest in the exchange of know-how and capacity development.

Financing methods and tools:

- The forum model: a meeting place for interested parties brought together to discuss a specific theme (the model is not limited to direct institutional cooperation).
- Ongoing research cooperation between Namibian and Swedish institutions.
- The Linnaeus-Palme exchange programme.
- Twinning; cooperation between municipal authorities, local administrative structures and/or public institutions based on the instruction of opposite numbers and the exchange of knowledge and experience. A twinning project has been started between the Municipality of Vänersborg and Omaruru in Namibia.
- The Sida Minor Field Studies (MFS) programme, aimed at Swedish students in higher education.

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<sup>3</sup> As of 2004 a Swedish trade expert will be attached to the Delegation of the European Commission in Windhoek, assigned to promote trade between Namibia and the EU.

<sup>4</sup> Sida/INEC have compiled a more extensive list entitled "Organisations and facilities supporting private sector development in Namibia with a Swedish connection".

## **8.4 REGIONAL COOPERATION**

Regional cooperation can be financed through Sida's appropriation for regional development cooperation. It should be emphasised from the outset that the ongoing nationally oriented, bilateral programmes cannot simply be reconfigured as regional programmes.

Sida already extends support to a number of regional programmes embracing Namibia. Examples include programmes for managing shared water resources (Okavango), promoting the development of independent media through support to the Media Institute of Southern Africa (MISA), and promoting human rights through support to the Human Rights Trust of Southern Africa (SAHRIT). The Namibian government and Namibian NGOs are actively represented in a number of regional bodies and organisations for cooperation. Swedish core and project support to regional bodies such as SADC and the AU are vital in this context.

A number of priority areas for Swedish support have been identified in the Strategy for Regional and Sub-regional Cooperation in Africa adopted by the government. These include certain areas likely to be of particular significance to Namibian cooperation partners, such as infrastructure, shared water resources, HIV/AIDS, research, higher education and specialised courses, regional networks and cooperation programmes aimed at developing and coordinating reform programmes.

Moreover, support for building trade policy capacity can be allocated within the framework of third-country cooperation currently being planned for South Africa.

Sida recently began cooperation with Norad on HIV/AIDS issues and the two organisations currently collaborate on the regional HIV/AIDS team in Zambia. Sida has begun a discussion with Norad on cooperation on other regional projects in southern Africa.

## **8.5 COOPERATION WITH CIVIL SOCIETY**

Cooperation between NGOs and other stakeholders in civil society can be financed through Sida's appropriation for NGOs. However, there are also other financing methods. A handful of Swedish NGOs have long-standing cooperative relationships with partners in Namibia. These include Afrikagrupperna (Africa Groups of Sweden), Olof Palmes Internationella Centrum (the Olof Palme International Centre) and LO/TCO (Swedish Trade Union Confederation/Confederation of Professional Employees). For the present, only Afrikagrupperna has staff in Namibia on a long-term basis.

Closer cooperation between civil society in Sweden and Namibia in areas of mutual interest should be feasible. Possible areas include the trade union movement, HIV/AIDS prevention, human rights and the environment.

## **8.6 INTERNATIONAL COURSES**

Every year, some 40 Namibians take part in international courses organised and financed by Sida. Information about the courses and application forms can be obtained from the Swedish embassy in Windhoek. The possibility of increasing the number of Namibian participants on courses of strategic interest should be examined.

## 9 FOLLOW-UP

The present strategy must be implemented in continuous dialogue with the Namibian government, mainly using the working group as a dialogue platform. Namibian ownership in the context of cooperation must be welcomed and Swedish working procedures and practices adapted accordingly. Swedish development cooperation should be designed to support Namibian priorities, and the instruments and approaches used by Swedish bodies and organisations should be harmonised with Namibian national legislation, government planning measures and budget periods. Efforts to ensure that the donor community acts in a coordinated, cohesive manner is an important part of these endeavours.

Implementation of the country strategy is dependent on development – and developments – in Namibia, *inter alia* in the political sphere. Sida is required to give the Swedish Ministry for Foreign Affairs advance notice of anticipated annual funding volumes and to consult the ministry before taking decisions involving important matters of principle. Cooperation between the ministry and Sida will be subject to annual review.

The country strategy will be operationalised as four annual country plans. Conditions in Namibia and the progress of development cooperation programmes and projects will also be tracked and reviewed in Sida's regular yearly and half-yearly reports. Follow-up of project and sector-specific support will take the form of dialogue with the Namibian National Planning Commission (NPC), line ministries and other implementing organisations, regular progress reports, field visits, sectoral reviews and evaluations.

A more comprehensive mid-term review should be carried out in cooperation with the Namibian government halfway through the strategy period (2006). Areas addressed by the review should include the progress of development cooperation, the phasing out of Swedish support and the elaboration of a plan for the transition to broader relations between Namibia and Sweden. The review should also be used as a basis for decisions concerning the future direction of Namibian-Swedish cooperation.

## 10 FINANCIAL AND ADMINISTRATIVE CONSIDERATIONS

Swedish bilateral support to Namibia for the period 2004–2006 has been set at a maximum of SEK 200 million. This will cover implementation and the phasing out of development cooperation in a sustainable way, and pave the way for broader modes of cooperation, as proposed above. Total volumes will be gradually cut back in the first three years in preparation for a steep reduction in the volume and number of activities in 2007–2008, and a complete phase-out of conventional bilateral development assistance by the end of 2008.

The appropriation includes a small allocation of approximately SEK 2 million per year for the development and promotion of new modes of cooperation. Costs defrayed by other forms of financing are not included, however.

It is proposed that the mid-term review in 2006 state the extent of continued support in 2007–2008 and provide an account of any further projects aimed at promoting new modes of cooperation.

Five people have been seconded to the embassy in Namibia. These include a person temporarily engaged as a bilateral associate expert (BAE) and an administrative head. This amounts to a total of 3.6 person-years for programme activities carried out by seconded staff, including the Head of Mission. A national programme coordinator is currently working at the embassy. The BAE secondment has been extended to the spring of 2005.

A number of parallel processes will be supported during implementation. Substantial efforts will be devoted to dialogue and communication with cooperation partners in Sweden and Namibia while development cooperation is consolidated and phased out. As the embassy will be playing a central role here, it is proposed that *permanent* Sida staffing be kept at present levels during the first two years (BEA secondment not included). The need for Sida staff is expected to decrease significantly in 2006–2008.

Dimensioning of resources at the embassy in Windhoek, including the question of additional personnel from the Foreign Ministry must be carefully considered well in advance of the 2006 mid-term review so as to establish cooperation based on the mutual benefit of both parties and lay the ground for vigorous relations after 2008.

There will continue to be a need for resources at Sida-S during the strategy period, with the emphasis on 2004–2006. AFRA, the department for Africa, will be responsible for coordinating the phase-out of the country programme and the transition to new forms of cooperation. INEC, the sector department for infrastructure and economic cooperation, will assume responsibility (on Sida's behalf) for the promotion of commercial cooperation with Namibia, along with the development/changeover of activities in the ICT, transport and private sector development spheres. There is also thought to be scope for developing direct institutional cooperation in these areas. Other Sida sector departments (DESO/UND, DESO/DESA, NATUR) will be responsible for forwarding information and facilitating contacts between Swedish and Namibian authorities, institutions and organisations in their respective areas, outside ongoing programmes.

**AGREEMENT BETWEEN THE GOVERNMENT OF SWEDEN AND THE  
GOVERNMENT OF NAMIBIA ON DEVELOPMENT COOPERATION,  
1 April 2004 – 31 December 2006**

The Government of Sweden (hereinafter referred to as Sweden) and the Government of Namibia (hereinafter referred to as Namibia) have agreed to co-operate in the development of Namibia.

The Swedish International Development Cooperation Agency, Sida, and the National Planning Commission in Namibia shall be empowered to represent their respective Governments in matters concerning the implementation of this Agreement.

**ARTICLE 1 SCOPE AND OBJECTIVES OF THE AGREEMENT**

The objectives of the Agreement are:

- To contribute to equitable and sustainable development and create conditions for poor people to improve their living conditions.

The Swedish support in the form of bilateral development assistance to Namibia will be phased out during the period 2004-2008. Of major concern for both Parties during the Agreement period will be to ensure sustainability of projects/programmes.

The responsibility for the development of projects/programmes under this Agreement rests with Namibia. The role of Sweden is limited to the contribution of resources to such development co-operation.

**ARTICLE 2 THE SWEDISH CONTRIBUTION**

Sweden shall keep available financial resources for development co-operation between Sweden and Namibia during the period 2004-2006. As for the contribution of financial resources, Sweden shall, subject to parliamentary appropriation of funds, keep available approximately 160 Million Swedish kronor (SEK 160 Million) for the period.

The contribution of resources shall be made in accordance with the requirements laid down in specific agreements between the parties on projects/programmes of development co-operation, and shall be made available on a grant basis.

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### ARTICLE 3 UTILISATION OF THE SWEDISH CONTRIBUTION

3.1 The main areas of co-operation shall be the following:

- Education
- Democratic Governance
- Natural Resources
- HIV/AIDS

In addition to these main areas, co-operation shall continue within the following areas:

- Private Sector Development
- Transport Management
- Information Technology
- Personnel and Consultancy Fund

Private sector development and transport management will be phased out during 2004.

3.2 Support may be extended also to partners outside the Government sphere. Such support may be financed from the contribution set forth under this Agreement.

3.3 The Parties shall regularly review the allocation of contributed funds to projects/programmes of the development co-operation. At these reviews Sweden and Namibia shall follow up on the Swedish contribution and on the progress of the programmes/projects.

The following issues shall constitute the key areas for overall policy dialogue between the Parties:

- I. implementation of the Poverty Reduction Strategy, the National Poverty Reduction Action Programme and the 2<sup>nd</sup> National Development Plan,
- II. sustainable economic growth,
- III. HIV/AIDS,
- IV. the democratic process,
- V. political and economic governance and
- VI. anti-corruption efforts

*in NY.*



#### ARTICLE 4 REFERENCE TO OTHER AGREEMENTS

The development co-operation between the Parties is also governed by:

- The Agreement on General Terms and Conditions for Development Cooperation between the Government of Sweden and the Government of Namibia, dated 12 May 1999 and extended 26 January 2004;
- Any other Agreement replacing the above agreement; and
- Specific Agreements for projects/programmes of development cooperation.

#### ARTICLE 5 ENTRY INTO FORCE AND TERMINATION

This Agreement shall enter into force on 1 April 2004 and remain valid until 31 December 2006. The Agreement may be terminated prior to the end of the agreement period by either party giving the other party at least six months written notice.

The termination of this Agreement shall not affect the validity of any specific agreements that are in force between the Parties.

Two originals of the text of this Agreement, written in the English language, have been signed.

Windhoek 16 April 2004

Place and date

For the Government of Sweden



Signature

Helena Nilsson

Ambassador of Sweden to  
Namibia

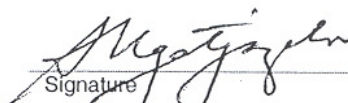
Name and title in block letters

Helena Nilsson

Windhoek 16 April 2004

Place and date

For the Government of Namibia



Signature

Immanuel Ngatjizeko

Director General of National  
Planning Commission, Namibia

Name and title in block letters



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