Annex I

1. Identification

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>Support to Namibian Water Supply and Sanitation Sector Programme (NAWASA) – CRIS FED/021355</th>
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<tr>
<td>Total cost</td>
<td>European Union (EU) contribution: EUR 18 000 000 (A Envelope)</td>
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<td>Aid method / Method of implementation</td>
<td>Sector Policy Support Programme</td>
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<td></td>
<td>- Sector budget support: Direct centralised management: EUR 18 000 000</td>
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<td>DAC-code</td>
<td>14030 Sector Basic drinking water supply and basic sanitation</td>
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2. Rationale and country context

2.1. Country context and rationale for SPSP

2.1.1. Economic and social situation and poverty analysis

Following last year's global crisis, growth in Namibia's key economic sectors is projected to slowly pick up during the next two years. The slowdown in real gross domestic product (GDP) growth from 4.1% in 2007 to 2.9% in 2008 and -0.8% in 2009 has partly been due to a sharp fall in prices of the country's main commodities (copper, zinc, uranium, and especially diamonds) as a result of reduced demand from Organisation for Economic Co-operation and Development (OECD) countries in recession and slower demand growth in China, India, the Middle East and Russia. Namibia’s real GDP growth rate averaged 6.5% from 2004 to 2007. Before the crisis, growth was projected to reach 4.7% in 2008, and 4% in 2009. GDP growth is expected to recover and projections for 2010 have been revised upward to 3.8%, followed by 4.2% in 2011 (Government of the Republic of Namibia (GRN) Medium-Term Expenditure Framework 2010/13).

Namibia is on an annual Article IV consultation schedule with the International Monetary Fund (IMF). The 2009 IMF report stressed that Namibia's macro-economic outlook faced significant downside risks from the slowing of the global economy. This year's IMF Article IV mission took place from 17 - 28 May 2010, with the full assessment released by the IMF’s Executive Board by the end of July. Provisional findings concluded that Namibia is on the right track regarding fiscal consolidation to counter the adverse economic effects stemming from the global financial crisis, but also that Government needs to be more ambitious in its planning. Partial reversal of the terms of trade, slower growth and above all substantially lower receipts from the Southern Africa Customs Union (SACU) relative to GDP have had an adverse impact on fiscal revenue. The balance of payments has deteriorated due to the decreases in revenues from the Southern Africa Customs Union (SACU). Moreover, given declines in the value of diamond exports, the Economy Watch (May 2010) predicts a further...
deterioration of the current account balance from -2.2% of GDP in 2009 to -6.6% of GDP in 2010.

Despite the negative economic developments the government has responded to the crisis by establishing an appropriate fiscal policy by revising expenditure planning, and using to a very high degree the cash reserves accumulated through prudent fiscal policies in the past, as well as through additional domestic borrowing after upward revision of the debt ratio limits (from 25% to 30% of GDP). As a share of GDP, public expenditure is increased from 33.6% in 2008/09 to 36.4% in 2009/2010. For the Medium-Term Expenditure Framework (MTEF) period 2009/12, public expenditure is expected to average around 35.1% of GDP. Due to the hike in food and fuel prices Namibia had seen inflation rise to double digits in 2008, but it has gone down to 8.8% in 2009 and is expected to further decline to an average of below 7% this year. The most important impact of the global downturn on the social side is the job losses in the mining sector, which represents the backbone of the economy in Namibia. The Namibia Employers' Federation (NEF) estimates that the unemployment rate has risen to a staggering 51.2% in 2009, with a potential to destabilise the social peace in the country.

Almost two decades after independence, the country is still characterised by high inequality, as reflected in a Gini Coefficient of 0.74. This translates into 27.6% of the population being considered poor, i.e. spending more than 60% of income on food, and 13.8% of the population living in extreme poverty, i.e. spending more than 80% of income on food (if the US$ 2 per day and US$ 1.2 per day criteria for poor and very poor were used, the shares would be significantly higher).

Inequality prevails not just between social groups but also within different social groups. Reducing overall levels of poverty among the smaller more deprived groups will require more targeted efforts in comparison to more broad-based poverty reduction initiatives. Regional disparities prevail with the four northern regions accounting for almost 60% of all poor households in the country. The majority of the poor and severely poor live in the rural areas and their main sources of income are from subsistence farming and government pensions. Among those with no formal education, 50% are poor and 27.7% are severely poor.

2.1.2. National development policy

The Namibian Constitution advocates equitable access to services and economic opportunities for all Namibians as a fundamental principle. Namibia's Vision 2030, the overarching policy framework for long-term national development, envisages that "water resources are used to ensure social well-being, to support economic development, and to maintain natural habitats".

The strength of the National policy and the strategies is that it approaches water supply and sanitation in a more integrated manner, allowing for comparative advantages and synergies, where possible. A weakness might be that the strategy is still contained in two plans: one for water supply and one for sanitation, although there is a high level of alignment. The two strategic plans will however be merged during a mid term review, or at the beginning of the next 5-year planning cycle in 2013 – 2014, and aligned with the experience gained. With a policy for tariffs approved by Cabinet in October 2009 the government has to develop a subsidy policy to promote the principle of fairness for those users who do not have the ability

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1 It is important to note that the Central Bureau of Statistics (CBS) changed the methodology and data sources for compiling the National Accounts data in 2008, leading to a major upward revision in GDP and lower debt-to-GDP ratios.
to pay for services, while safeguarding the principle of economically sustainable water service provision at local level.

2.2. Sector context: policies and challenges

a) Sector policy

Namibia has very scarce water resources with no perennial rivers within its borders, further characterised by limited rainfall (150 – 300 mm per year) and a high evaporation rate (up to 2000 mm per year). At present 86.7% of rural households (and 38.6% of urban households) lack access to appropriate sanitary facilities. Around of 20% of the rural population remain in need of basic water provision.

In Vision 2030 it is envisaged that the "majority of Namibians [by 2030] are living a healthy lifestyle, and are provided with safe drinking water". On sanitation it is stated that "the health management system in the country…. pursues the attainment of the highest level of environmental sanitation, community and personal hygiene in order to eliminate air, water and vector-borne diseases". Urbanisation is currently challenging the attainment of the Millenium Development Goals (MDGs) in 2015, specifically on sanitation. Therefore government has embarked on an integrated policy for water supply and sanitation. The 2008 Water Supply and Sanitation Sector Policy (WSASP), revising the policy of 1993, states the following objectives at sector level:

   a) An essential water supply and sanitation service is available to all Namibians, accessible at a cost which is affordable to the country as a whole.

   b) Equitable improvement of water and sanitation services is based on mutual responsibility by government and beneficiaries.

   c) Communities determine which water and sanitation solutions and service levels are acceptable to them. Beneficiaries should pay more as soon as standards of living exceed the levels required for providing basic needs.

   d) Environmentally sustainable development and utilisation of water resources and environmentally sustainable development of sanitation should be pursued.

The WSASP is implemented through coordinated efforts of the Water Sector Strategic Plan (WSSP, 2007) and the Namibia National Sanitation Strategy (NNSS, 2009), both approved by Cabinet. There is a high level of alignment between these strategies and the policy. The merger of water and sanitation under one coordinating institution resulted in a renamed Directorate for Water Supply and Sanitation Coordination (DWSSC) in the Ministry of Agriculture, Water and Forestry (MAWF) in 2008, and presents a conducive environment to address the interlinked problems of water supply and sanitation in a comprehensive manner.

The two strategies highlight among others the importance of sector coordination and capacity building at various levels; the economic value of water; the involvement of communities in determining affordable and sustainable solutions (sanitation) and align the various economic sectors on the basis of Integrated Water Resource Management (IWRM) principles.

The MAWF has established a sector coordination forum for Water and Sanitation, involving all stakeholders: ministries, parastatels, NGOs and donors, a forum to which evolvement the EU Delegation has actively contributed. Donors providing budget support align with National
priorities. In line with the Paris Declaration the Spanish Cooperation, the only other donor active with budget support in the sector, is closely cooperating with the EU Delegation in their assessment to extend their current budget support for rural water supply also to the sanitation sub-sector. Most of the indicators of the Declaration score positive on targets set for 2010.

The WSASP clearly defines the role of the government as primarily one of facilitation rather than provision, allocating also responsibilities across government. Under the overall decentralisation policy of the government, rural water and rural sanitation activities are the responsibilities of the Rural Services Divisions of the regional councils. This is similar to the situation in the urban areas, where urban water supply and urban sanitation are responsibility of town councils. Decentralisation to the lowest appropriate level is a guiding principle in the MAWF. The main task of the sub-divisional offices is to assist e.g. communities after the hand-over of the water supply schemes. The Community Based Management approach is well institutionalised for rural water supply and can, where appropriate, be applied for sanitation.

The programme will address educational and behavioural aspects of water and sanitation to ensure that the population will make full benefit of improved services in a sustainable manner. Environmental aspects are to be mainstreamed, ensuring that the provision of water is sustainable and that sanitation is not causing additional pollution.

There is no ring-fenced sector MTEF for the water and sanitation sector yet. The MAWF uses its Medium Term Plan (MTP) as a substitute. Namibia introduced MTPs in all sectors in 2001. The MTP permits an analysis of expenditure linked to outcome-oriented indicators, allowing a performance based approach to budgeting and planning. In MAWF's MTP water supply and sanitation are one budget line. The government has adopted the MTEF approach, and many of the necessary conditions are in place to make progress towards a sector MTEF for water and sanitation.

Strategies for water supply and sanitation have both identified initiatives necessary for the fulfilment of sub-sector objectives. Prioritised according their importance and urgency, they allow for the formulation of annual action plans. These annual action plans will form therefore important ingredients for the formulation of the future sector MTEF water supply and sanitation. At present the National Planning Commission prepares the MTEF for the development budget, and the Ministry of Finance prepares the MTEF for the recurrent budget.

b) Macroeconomic framework

Following last year's global crisis, growth in key economic sectors is projected to slowly pick up during the next two years. Economic activity is estimated to have contracted by 0.8 percent in 2009, after an average annual increase of 5.5 percent in 2006–08. This is largely due to a sharp fall in prices of the country's main commodities (copper, zinc, uranium, and especially diamonds) as a result of reduced external demand. Inflation declined marginally to 9 percent in 2009, reflecting the decline in international food and fuel prices, but fell further to 5 percent at end-April 2010. The impact of the global crisis on Namibia’s growth was limited thanks to the policies implemented by the government to support economic activity using the reserves accumulated during the previous three years of strong fiscal performance. However, because of the increased spending and a decrease in government revenue brought about by weak economic activity, the fiscal balance shifted into a deficit amounting to 2.8% of GDP in the 2009/10 fiscal year. In view of Namibia's favourable debt and external reserves positions, this is not considered to be a threat to stability. Reflecting an expected significant drop in
revenue from the Southern African Customs Union this financial year and next, the fiscal position is projected to deteriorate sharply in 2010/11 and 2011/12, exceeding 8% of GDP annually. The IMF mission welcomed the fiscal consolidation embodied in the government’s medium-term expenditure framework tabled before parliament in March 2010, but at the same time urged the government to consider a more ambitious fiscal consolidation path that would reduce prospective fiscal deficits to levels consistent with keeping public debt sustainable over the medium term.

c) Public Financial Management

The conclusions of the 2008 Public Expenditure and Financial Accountability (PEFA) report show that Namibia's Public Finance Management (PFM) systems and procedures are strong by regional comparison. At the same time, the pace and direction of PFM reform are in line with the ongoing strategy, although there is further need to strengthen the fiscal administration and to put more emphasis on prioritisation of public expenditures and strengthening of programme-based budgeting. The PFM system is currently strengthening the MTEF budget with programme budgeting and the link between allocation and the performance framework (PEMP). The PFM reform strategy of the Government of the Republic of Namibia has not been laid down in one single paper, but is captured in a number of policy and planning documents. The main objectives and monitoring framework of Namibia's PFM strategy have been reflected in the 9th EDF PFM Support Programme and government's PFM Revised Plans and Indicators 2009/10-2010/11 report of June 2009, while further details are provided in its Fiscal Policy Framework 2010/11-2012/13. Furthermore, in 2008/09 the Ministry of Finance (MoF) has launched and adopted its five-year strategic plan which includes reform objectives which address a number of key weaknesses identified in the PEFA.

2.3. Eligibility for budget support

*Sector policy:* Based on the analysis in section 2.2 above, a well defined sector strategy which responds to the main challenges of the sector is in place and under implementation. As a result the WSASP (2008) and Namibia National Sanitation Strategy (2009) are considered to be an appropriate basis for the provisions of EU sector budget support.

*Macro-economic stability:* Based on the analysis summarised in section 2.2 Namibia is considered to be pursuing stability-oriented macroeconomic policies and therefore fulfils the macroeconomic eligibility criterion for budget support.

*PFM reform programme:* Based on the analysis summarised in section 2.2 the overall programme of PFM reform is considered credible and relevant and combined with a good recent record of progress it therefore justifies the conclusion that the PFM eligibility criterion is met.

2.4. Lessons learnt

An evaluation in October 2008 of EU project support for sanitation and EU budget support for rural water supply highlighted among others the need for improved sector coordination, as well as need for a new sanitation strategy. Technical quality of waterborne sanitation schemes in towns is considered good, with Town Councils able to operate and maintain the systems. Cost recovery in sanitation schemes was found due for improvement. Rural sanitation is mostly considered an engineering issue, with health and hygiene education often neglected. Local communities possess sufficient capacity for technical operation and maintenance, and
financial management of water supply schemes. These schemes are constructed in a way that minimises environmental damage. Like in sewerage schemes cost recovery in rural water schemes is to be improved. In most sanitation and water supply schemes there is not sufficient attention to health and hygiene education. A challenge to be addressed is that sub-divisional offices often face logistical problems in reaching out to remote locations in their service areas.

Sustainability of water as a resource is an issue as Namibia has no internal perennial rivers and groundwater resources are limited, making availability of water in future a more dominant criterion in decision making. Monitoring was found a weak point in overall sector management; encouraging is that several ministries in the government are working on improvements. The evaluation concluded that the Community Based Management approach, applied in water supply, is also appropriate for rural sanitation.

The Sector Budget Support under the 9th EDF increased the rural access to potable water with the targeted 10% and gave a major boost to Community Based Management with nearly 1700 water points handed over to local water committees, many under full cost recovery.

An important lesson from the 9th EDF was that any earmarking of budget support was not useful. Budget support had not led to a reduction of budget allocation by the government. With sanitation and water supply merged, coordination and cooperation has become crucial. Under the 9th EDF the Directorate has shown sufficient capacity to deliver good services to end-users in water and, provided sufficient capacity development takes place for sanitation, it is expected that the Directorate can deliver in sanitation as well. Having implemented the water supply sector programme efficiently and effectively (see also 2.2) DWSSC considers that with the sector approach it can better address sector priorities. It values sector approach as more flexible, producing less overhead costs and providing opportunity for accelerating service provision in water supply and sanitation. The DWSSC therefore recommends that any other donor support be linked to the EU approach, methodology and requirements for evaluation and monitoring.

2.5. Complementary actions

The Technical Cooperation Facility 10th EDF available to Namibia ensures that actions funded under the 10th European Development Fund (EDF) make a meaningful and sustainable contribution to the objectives identified under the National Development Programme 3 (NDP 3). In particular short-term TA requested by the government and in support of NAWASA can be funded under this facility. A Framework Contract has recently supported the MAWF in the design of a capacity building plan, especially for Sanitation.

2.6. Donor coordination

National responsibility for donor coordination is vested with the National Planning Commission Secretariat's (NPCS), more specifically the Directorate of Development Coordination (DDC). The Director General of the NPCS is the National Authorising Officer (NAO). DDC, and the NAO, hold regular meetings with donors and departmental Official Development Assistance (ODA) structures to discuss developments.

At sector level the DWSSC hosts quarterly meetings. Existing donor coordination meetings include a larger share of donors in the sector, besides the EC and Spain also project-funding donors such as Icelandic International Development Agency (ICEIDA) and Lux-development. In addition, civil society, private sector, relevant line ministries and the sector implementers are invited to attend the yearly Water and Sanitation Joint Annual Review.
3. Description

3.1. Objectives

A remaining legacy of the Apartheid era is that 86.7% of rural Namibians and 38.6% of the urban population are still in need of access to appropriate sanitation. Access to potable water has improved dramatically since Independence in 1990, yet more than 20% of the rural population are to be reached. Changing mandates for sanitation and water supply, following the 2008 WSASP, require now an approach in a comprehensive manner, demanding support to a Directorate in charge of a huge challenge on sanitation.

The overall objective of the SPSP is to support development objectives as defined by the government in its Vision 2030, including the attainment of MDG targets. The specific objective of the SPSP is to contribute to improved access to potable water and to appropriate means of sanitation for the Namibian population. These services need to be sustained through improved cost-recovery rates and improved patterns in knowledge, attitude and practice among water and sanitation users. In achieving this objective the principles enshrined in policy and strategies governing the sector, as well as the implementing institutions, are to be supported.

3.2. Expected results and main activities

The main results will be the implementation of the Capacity Building Plan, including educational campaigns, both with a particular focus on sanitation; the establishment of the Water and Sanitation Performance Monitoring System; as well as the formulation of a Water and Sanitation MTEF, all considered important outcomes of the sector policy dialogue. The SPSP will support the attainment of the targets for the sector indicators water supply (e.g. improvement of rural access to safe drinking water from 80% to 88% and cost recovery from 35% to 45%), as well as targets set for the sector indicator sanitation (e.g. increase of rural access to improved sanitation from 13% to 25%). The water source to be used for increased access to water supply and sanitation, if applicable, will be either surface water stored in dams or groundwater sources.

3.3. Risks and assumptions

The DWSSC received the mandate for sanitation in 2008 without getting additional operational funds and staff required to implement the (substantially widened) sector programme. For the improvement of the Performance Monitoring System and the MTEF, DWSSC will depend in part on the work of other Ministries, i.e. PMS (Performance Management System) by the office of the Prime Minister (OPM), the definition of NDP3 Goals and indicators by the National Planning Commission (NPC) and the IFMS (Integrated Financial Management System) by the Ministry of Finance. It is therefore important to ensure the DWSSC receives additional means not only for implementation purposes, but equally important also for the required support to assume their coordination function. This coordination will have to receive adequate attention from all stakeholders, particularly key line ministries involved. Cost recovery needs to be a continued priority in both sub-sectors in order to sustain investments.
3.4. Stakeholders

DWSSC has taken the lead to identify stakeholders in the water and sanitation sector, and has included the donors associated with the sector in this process. The institutional arrangement "who is responsible for what" is indicated in the following table, with the DWSSC playing a coordinating role in all responsibilities:

<table>
<thead>
<tr>
<th>Sub-sector</th>
<th>Issue</th>
<th>Central level</th>
<th>Regional / Local level</th>
</tr>
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<tr>
<td>Rural sanitation</td>
<td>Facilities</td>
<td>DWSSC</td>
<td>Regional Councils; RDCCs</td>
</tr>
<tr>
<td></td>
<td>Software</td>
<td>DWSSC; MHSS</td>
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</tr>
<tr>
<td>Rural water supply</td>
<td>Facilities</td>
<td>DWSSC; NamWater</td>
<td>Regional Councils; RDCCs</td>
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<tr>
<td></td>
<td>Software</td>
<td>DWSSC</td>
<td></td>
</tr>
<tr>
<td>Urban sanitation</td>
<td>Facilities</td>
<td>Ministry of Regional and Local Government, Housing and Rural development (MRLGHRD)</td>
<td>Town Councils; LADCs</td>
</tr>
<tr>
<td></td>
<td>Software</td>
<td>DWSSC; MHSS</td>
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</tr>
<tr>
<td>Urban water supply</td>
<td>Facilities</td>
<td>MRLGHRD; NamWater</td>
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</tr>
<tr>
<td></td>
<td>Software</td>
<td>DWSSC</td>
<td></td>
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</table>

The sector programme will be implemented through DWSSC in association with all water sector stakeholders. Comprehensive terms of reference for the water and sanitation sector coordination forum, under the leadership of DWSSC, have been developed for this purpose.

3.5. Crosscutting issues

The programme will address the crosscutting issues of importance to the Government of Namibia and the EU Development policy, namely good governance, gender equality, environmental mainstreaming and HIV/AIDS. Previous EU support in the sector has established a good basis to address these crosscutting issues in a competent manner.

The MAWF has developed a gender strategy (2003), which applies socio economic and gender analysis principles for effective gender mainstreaming. Gender ratio is systematically recorded within the ministry and for the community water point committees. Gender analysis is conducted with the aim of enabling communities to take over responsibilities for the management of their own water resources. It is simultaneously applied as a strategy to promote sustainable human development, ensuring participation of women and the poor.

The capacity of the water and sanitation sub-sectors to comply with the Environmental Management Act, particularly with the aspects of assessing and planning for secondary impacts, will have to be strengthened. This is also important in the context of the EU environmental guidelines (2007) that recommend strategic environmental assessments for SPSPs, particularly in SBS to infrastructure development sectors. The National Strategic Plan on HIV/AIDS is a guiding policy for mainstreaming HIV/AIDS and has been explicitly incorporated in the sector policy.

4. Implementation issues

4.1. Method of implementation

The financing modality for the programme will be sector budget support, direct and untargeted to the Treasury, for which a Financing Agreement will be signed between the EC
and the NAO. The Namibian currency (NAD), is convertible and freely transferable, and complies with Article VIII of the IMF’s Articles of Agreement with respect to transactions on the current account. The operational implementation phase is 60 months from the date of signature of the Financing Agreement. The operational implementation phase is followed by a closure phase of 24 months.

4.2. Budget and calendar

The SBS is untargeted Budget Support, including a mix of variable and fixed tranches (see also table). The budget breakdown is EUR 18 000 000 for budget support only. The contribution of EU corresponds to approximately 18% of the funding the government will provide for the sector programme. Contribution to the programme by other donors (Spanish Cooperation) is under consideration. Maximum use of local resources will be an important mean to achieve a sustainable MTEF in the sector through implication of local contractors in the construction of facilities and systems, use of local materials during construction and the application of self help construction approaches, where applicable and possible.

The indicative calendar for disbursements, distinguishing between fixed and variable tranches will be (amounts in MEUR):

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4.3. Performance monitoring and criteria for disbursement

The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress on implementation of the Water and Sanitation policy, the National Sanitation Strategy and the Water Sector Strategic Plan (as far as potable water is concerned);

Progress in the sector policy dialogue will be measured against achievements made for indicators as summarised in the matrix framework for the Performance Assessment Framework (PAF). The PAF will be subject to a process of continually refining, rolling forward and improving the entire sector programme.

- Satisfactory progress in maintaining a policy of macroeconomic stability;
- Satisfactory progress on implementation of the programme to improve public financial management.
The performance monitoring arrangements will be sustained through the government commitment to continue strengthening monitoring and evaluation (M&E) systems. The government will enhance the monitoring and impact assessment capacity at national and regional levels, in order to timely produce robust disaggregated data for comparing implementation progress against targets set for indicators. A new set of harmonised water and sanitation indicators (input, output and outcome) have been finalised recently, awaiting approval from the relevant line Ministries. Sector performance monitoring by all stakeholders will take place in the framework of the Joint Annual Review where, among others, the general conditions and achievement of annual targets for performance indicators and process indicators will be formally assessed, as reflected in the Performance Assessment Framework and guiding the sector policy dialogue.

4.4. Evaluation

A final evaluation using the Technical Cooperation Facility (TCF) facility will be undertaken by independent consultants directly contracted by the Commission on the basis of specified terms of reference. No specific EU audit arrangements are foreseen. The audit reports produced by the Office of the Auditor General in Namibia will be used to assess sector performance during annual review meetings.

4.5. Communication and Visibility

The EU and the MAWF will develop a communication strategy, focussing on the provision of background information to the media and civil society, informing Parliament and issuing press statements when necessary.

Visibility of the EU will be promoted through a signing ceremony for the NAWASA and the organisation by MAWF of the joint annual reviews, each year for 2 to 3 days to a different region. Field visits to interventions that have received support through NAWASA will be part of this extended review, which will include all contributing donors. Through MAWF facilitation, broad media coverage (radio, TV, newspapers) will be sought during the review of results achieved in the programme. Press communiqués will then follow the annual budget support disbursements.

The EU Delegation Newsletter will feature articles on EU Budget Support and the websites of MAWF / NPC and the Delegation will be actively used to create the required visibility.
ANNEX II

IDENTIFICATION

<table>
<thead>
<tr>
<th>Title</th>
<th>10th European Development Fund (EDF) Basic Education Sector Policy Support Programme (SPSP) – 21409</th>
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<td>Total cost</td>
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1. RATIONALE AND COUNTRY CONTEXT

1.1. Country context and rational for SPSP

2.1.1. Economic and social situation and poverty analysis

Namibia is an upper middle-income country (MIC) with an average gross domestic product (GDP) per capacity of US$ 4296 in 2008\(^2\). Namibia is a member of the Southern African Customs Unions (SACU) and the Southern African Development Community (SADEC). Following several years of solid economic growth, Namibia's real GDP growth declined from 2.4% in 2008 to -1.1% in 2009. It is expected to pick up again to between 3.2 and 3.8% in 2010 and thereafter, at an average of 4.2 percent for the period 2011–2013. The slow down in real GDP growth is partly due to a sharp fall in prices of the country's main commodities (uranium, copper, zinc and diamonds).

Revenue out-turn for the fiscal year 2009/10 is currently projected at some Namibian dollar 23 billion, that is, 4.5% higher than estimates in the 2009/10 – 2011/12 Medium-Term and Expenditure Framework (MTEF). Tax revenue constituted 90.5 percent of total revenue in 2008/9, down from 92.7 percent in 2007/08. This decrease in the share of tax revenue is due mainly to a decrease in the share of SACU receipts from 39.1 percent in 2007/08 to 36.3 percent in 2008/09. The global economic downturns, and the impending agreements between SACU members and other trade blocs, pose medium-term risks to the sustainability of revenue growth. Total debt stood at N$13,389 million during 2008/09, amounting to 18 percent of GDP.

As a share of GDP, public expenditure had increased from 33.6% in 2008/09 to 36.4% in 2009/2010. Average inflation in 2008 stood at 10.3%, the highest rate in six years (Bank of Namibia) compared to 6.7 percent in 2007. In 2009, inflation averaged 8.8% (from 12.0% in October 2008), in line with the downward trend of inflation in South-Africa. The country still experiences a high rate of unemployment, which concerns the rural population in particular. Overall unemployment (broadly defined) rose from 33.8% in 2000 to 36.7% in 2004 and 51.2% in 2009. Observers agree that it is necessary to fast-track implementation of structural reforms to achieve the growth rates necessary to further reduce poverty.

\(^2\) IFM Article IV, Staff report, 2008
Namibia remains among the most unequal societies in the world with a Gini coefficient of 0.743\textsuperscript{3} and the most polarised. In 2007, the 10\% of households with the lowest levels of expenditure accounted for less than 0.6\% of total expenditure while the 10\% of households with the highest levels of expenditure accounted for 65\% of total expenditure. According to the 2008 Review of Poverty and Inequality in Namibia\textsuperscript{4}, the share of urban poor households almost doubled and the incidence of "severely poor" households\textsuperscript{5} increased from 3.9\% to 13.8\% while the incidence of "poor" households remains almost unchanged (27.6\% from 27.8\%). The analysis confirms that poverty levels are higher among households that are female-headed (30.4\% are poor), based in rural areas and have one or more children. Regional disparities prevail with the Kavango and Ohangwena regions being home to the largest shares of poor households. With Oshikoto and Omusati, these four regions account for almost 60\% of all poor households in the country. The majority of the poor (38.2\%) and severely poor (19.1\%) lives in the rural areas and their main sources of income are from subsistence farming and government pensions. Among those with no formal education, 50\% are poor and 27.7\% are severely poor.

The HDI (Human Development Index) rank of Namibia in 2007 was 128 standing at 0.686. Inequality prevails not just between social groups but also within different social groups. Overall, the poverty review closely correlates with a series of social, demographic, geographic and economic features of households, which underscores the potential for poverty reduction by greater targeting of policies and interventions. With the size and levels of deprivation of language groups greatly differing, it is important to note that reducing overall levels of poverty among the smaller more deprived groups will require more targeted efforts in comparison to more broad-based poverty reduction initiatives. In view of the growing number of orphans and the incidence of poverty among households (at least 41.8\% of households have one orphan), the presence of children and orphans should be a criterion in public policy interventions targeting poor households.

2.1.2. National Development policy

Vision 2030\textsuperscript{6} calls for the intended rapid economic growth to be accompanied by equitable social development. These twin goals of growth with equity are to be pursued within a broader strategic framework of transforming the economy into a knowledge-based economy. The National Development Plans (NDP) are the main vehicles to translate the national vision statement into action and make progress towards realising its goals. The overall theme of NDP3 (2007/8-2012/13) is "accelerated economic growth and deepening rural development" and the policy directions, including the 21 NDP3 Goals, are drawn from the lessons learned from implementing NDP2 and Millennium Development Goals (MDGs). The ownership of the plan is anchored into the multi-stakeholders participation process utilising an Integrated Results Based Management approach and its formulation by technical working groups. The

\textsuperscript{3} Human Development Report 2009, p. 197

\textsuperscript{4} The Central Bureau of Statistics (CBS) of the National Planning Commission (NPC) published in October 2008 a Review of Poverty and Inequality in Namibia. The Report established a new set of poverty lines for Namibia based on the Cost of Basic Needs (CBN) approach\textsuperscript{5}, which has become part of the poverty monitoring standard among the Southern African Development Community (SADC). It also introduces new measures for inequality and polarisation.

\textsuperscript{5} Under the new approach to setting a poverty line, "poor" households are those that have monthly expenditures of less than N$262.45 per adult (spending 60\% or more of their expenditure on food under the old poverty line), and severely poor households are those with expenditures of less than N$184.56 (spending 80\% or more of their expenditure on food).

\textsuperscript{6} Vision 2030 was published in 2004
process has been spearheaded by the National Planning Commission (NPC) and the final NDP3 draft has been approved by Cabinet. The NPC reports semi-annually to Cabinet on the progress made. An integrated Monitoring, Reporting and Evaluation (MRE) system is being put in place. The NDP3 investment requirements and financing plan have been developed using projected GDP growth rates under growth scenarios derived from experience during NDP 1 and 2. However the impact of the economic and financial crisis may reduce the anticipated leverage for proposed investments, although the budget for 2010-2011 is expansionary.

An effective education and training system is recognized as fundamental to generating the skills and knowledge that are critical for the country to prosper and compete in international markets. In addition to economic gains, it is acknowledged that such a system has broader benefits, such as poverty reduction and social equity including gender equality, improved absorptive capacity for other social services, participatory democracy and good governance. NDPs 3 stresses the potential of the HIV/AIDS epidemic to reverse the gains made in the education sector and the need to mainstream HIV prevention programme and mitigation measures. This is captured in the National Policy on HIV and AIDS adopted by the National Assembly in March 2007. The strategy makes specific reference to Orphans and Vulnerable Children (OVC) in the education sector and to Children and young people.

Namibia is caught in the dilemma of preparing for a knowledge-based economy (which needs improved and increased output from secondary, tertiary and vocational education and training), and the fact that the equitable access to and quality of education remain inadequate. Because many learners leave school without the required foundation skills and competencies, and poor learning at primary level carries over to higher levels, repetition (23.2% for Grade 5 in 2009) and drop-out rates (6% in Grade 7) are high throughout the system. If MDG 1 and 2 are to be realised, particular efforts need to be made to improve quality and include the remaining marginalised learners in primary education.

1.2. Sector context: policies and challenges

Sector context: While significant progress has been made in terms of access and gender equity at primary level, remaining challenges include i) too many learners are failing to gain basic skills or functional literacy and numeracy, ii) progress towards equity has not been rapid enough and iii) serious deficiencies remain with regard to management and efficiency (NDP3). The recent Competitiveness Global Report highlights that Namibia ranks 5 in terms of levels of expenditures while it ranks 104 in terms of the quality of the education system, 84 for the quality of primary education and 129 in terms of management of the schools. The crisis of quality has become a system dysfunction and educational levels need to be raised by addressing the supply side (teacher quality, volume of teaching and learning materials, schools facilities) and the demand side by creating conducive home and community environments for learning, and participating in the efficient management of the education system. Increasing enrolment, survival and completion rates, ensuring equality of opportunity, management improvement of delivery systems for quality are among NDP3 goal strategies.

Main findings of the assessment of the sector budget and its medium term financial perspectives: Namibia has a favourable legislative and policy environment to support children

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7 NDP3 projects an average growth rate of 5% per annum. A total investment of N$ 76.3 billion is required from all public, private and international stakeholders over the five-years to achieve the NDP3 targets and realise the baseline average growth rate of 5% per annum. However, Namibia's real GDP growth declined from 4.1% in 2007 to 2.4% in 2008 and further decreased to -1.1% in 2009.
and their rights to education. Since independence, a number of laws and sector specific policies have been developed in Namibia to protect and enhance the development of Children. Government has made big investments in education and training since Independence, which have led to numerous changes in the systems. There have been considerable improvements in the infrastructure and several reforms have been introduced to improve access, equity, quality and efficiency in the system, among which the Education and Training Sector Improvement Programme (ETSIP)\(^8\) which represents the sector’s response to Vision 2030. As a sector wide approach, it is somehow activating both policy development and implementation. Since 2006, it has been complemented by several sector policies and strategies that are equally important to respond to Vision 2030. ETSIP is found to be a relevant and consistent programme, supported by a strong legislative and policy environment. However, if educational equity is to be achieved (out-of-school children are the most marginalized), strong interventions to counter the socio-economic structure of the country\(^9\) have to be put in place. Universal completion of quality primary education will need inputs of extra resources and better management of support to orphans and other vulnerable children (OVC) and disadvantaged communities. Sector structural and systemic inefficiencies need to be addressed more consistently and the pro-poor aspects of the reform need to receive more attention in the decentralization context of service delivery.

\textit{Description of the coordination process with the beneficiary country and/or other donors:} The responsibility for implementing the various sector policies (Education for All (EFA), OVC, HIV/AIDS, Textbooks policies and ETSIP) lies within different departments within the Ministry of Education and the coordination process would need to be strengthened to enhance complementarities and linkages between policies. However, the Government is the main driver of ETSIP, giving high-level backing to the programme. The sector coordination mechanisms involve the Ministry of Finance and the National Planning Commission. ETSIP has a coordination committee which prepares briefs for the Minister, other ministries and Parliament. More effective sector coordination is however pending, especially in view of the consultation with the Non State Actors (NSA) not yet systematized. Decentralization, by bringing responsibility for service delivery closer to the end-users, will increase social accountability. Sector engagement of Development Partners takes place within the framework of the Memorandum of Understanding signed in July 2007 and recently revisited to ensure better alignment with the Accra Agenda.

\textit{Assessment of institutional capacity:} The Namibian educational system has strong structures and systems in place but a lot can be gained from strengthening the links between the various sub-systems. This applies equally to improving evidence-based decision-making to meet needs where they are greatest. Institutional capacity remains uneven and fluctuates over time due to high staff turnover. The decentralization process is supported by good capacity at regional level although capacity in financial management and monitoring will need strengthening. A decentralization plan has been developed for 2010 by the Ministry of Education and encompasses training needs expressed by the Regions.

\textit{Overall framework for performance monitoring for the implementation of sector policies and strategies:} The Namibian educational system has strong structures and systems in place but a lot can be gained from strengthening the links between the various sub-systems. This applies equally to improving evidence-based decision-making to meet needs where they are greatest. Institutional capacity remains uneven and fluctuates over time due to high staff turnover. The decentralization process is supported by good capacity at regional level although capacity in financial management and monitoring will need strengthening. A decentralization plan has been developed for 2010 by the Ministry of Education and encompasses training needs expressed by the Regions.

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\(^8\) ETSIP, approved by Cabinet in February 2005, is a sector-wide programme covering all education levels and phased into three cycles, with the first phase spanning from 2006 to 2013.

\(^9\) The supply of textbooks and learning support materials and of qualified teachers is reported to be worst in areas of severe poverty.
MTEF period. The Performance and Effectiveness Management Programme (PEMP) captures performance measures related to the objectives. Indicators and linkages to objectives would however need to be reviewed and refined to strengthen sector performance monitoring. The ETSIP Result Framework recently revised to be more outcome oriented and more strategic with its formatting around sector policy pillars such as equity, quality, efficiency, would help the strengthening of monitoring and evaluation at sector level to support evidence based policy and decision making. The Public Expenditure Review (PER) and the Public Expenditure Tracking Survey (PETs) to be undertaken in the first quarter of financial year 2010/2011 with the Ministry of Finance and the Ministry of Education will help identifying inefficiencies and suggesting more strategic and pro-poor budget allocations.

Macroeconomic framework: Following last year’s global crisis, growth in key economic sectors is projected to slowly pick up during the next two years. Economic activity is estimated to have contracted by 0.8 percent in 2009, after an average annual increase of 5.5 percent in 2006–08. This is largely due to a sharp fall in prices of the country's main commodities (copper, zinc, uranium, and especially diamonds) as a result of reduced external demand. Inflation declined marginally to 9 percent in 2009, reflecting the decline in international food and fuel prices, but fell further to 5 percent at end-April 2010. The impact of the global crisis on Namibia’s growth was limited thanks to the policies implemented by the government to support economic activity using the reserves accumulated during the previous three years of strong fiscal performance. However, because of the increased spending and a decrease in government revenue brought about by weak economic activity, the fiscal balance shifted into a deficit amounting to 2.8% of GDP in the 2009/10 fiscal year. In view of Namibia's favourable debt and external reserves positions, this is not considered to be a threat to stability. Reflecting an expected significant drop in revenue from the Southern African Customs Union this financial year and next, the fiscal position is projected to deteriorate sharply in 2010/11 and 2011/12, exceeding 8% of GDP annually. The International Monetary Fund (IMF) mission welcomed the fiscal consolidation embodied in the government’s medium-term expenditure framework tabled before parliament in March 2010, but at the same time urged the government to consider a more ambitious fiscal consolidation path that would reduce prospective fiscal deficits to levels consistent with keeping public debt sustainable over the medium term.

Public Financial Management: The conclusions of the 2008 PEFA report show that Namibia's PFM systems and procedures are strong by regional comparison. At the same time, the pace and direction of PFM reform are in line with the ongoing strategy, although there is further need to strengthen the fiscal administration and to put more emphasis on prioritisation of public expenditures and strengthening of programme-based budgeting. The PFM system is currently strengthening the MTEF budget with programme budgeting and the link between allocation and the performance framework (PEMP). The PFM reform strategy of the Government of the Republic of Namibia has not been laid down in one single paper, but is captured in a number of policy and planning documents. The main objectives and monitoring framework of Namibia's PFM strategy have been reflected in the 9th EDF PFM Support Programme and the government's PFM Revised Plans and Indicators 2009/10-2010/11 report of June 2009, while further details are provided in its Fiscal Policy Framework 2010/11-2012/13. Furthermore, in 2008/09 the Ministry of Finance (MoF) has launched and adopted its five-year strategic plan which includes reform objectives which address a number of key weaknesses identified in the PEFA.
1.3. **Eligibility for budget support**

*Sector policy*: The analysis in section 2.2 above confirms that a well defined sector strategy which responds to the main challenges of the sector is in place and under implementation. As a result the sector policy is considered an appropriate basis for the provisions of EU sector budget support.

*Macro-economic stability*: Based on the analysis summarised in section 2.2 above Namibia is considered to be pursuing stability-oriented macroeconomic policies and therefore fulfils the macroeconomic eligibility criterion for budget support.

*PFM eligibility criteria*: Based on the analysis summarised in section 2.2 the overall programme of public finance management (PFM) reform is considered credible and relevant and combined with a good recent record of progress it therefore justifies the conclusion that the PFM eligibility criterion is met.

1.4. **Lessons learnt**

EU support to the Education sector has been reviewed in the context of the 10th EDF programming phase and through the Country Strategy Evaluation in June 2009. The latter confirms that moving to policy-led support has increased the potential reach of EU support, i.e., its potential for sustainably improving the institutional environment in Namibia's education. However a more efficient and effective support has been constrained by the difficulties in finding the right "mode of technical cooperation" to sustain capacity development initiatives of the Government. Positive value through the 10th EDF SPSP will be added by moving to a more strategic sector policy dialogue based around the Primary and Pre-primary Education Result Framework focusing on quality and equity policy issues.

1.5. **Complementary actions**

The EU and Spain remain as the main sector budget partners. Germany's last tranche in support to ETSIP was disbursed end of 2009. The Millennium Challenge Corporation has started implementing its 5 year programme in September 2009 and will complement EC support by enhancing the monitoring and evaluation (M&E) system within the Ministry of Education (MoE). The United Nations Children's Fund (UNICEF) supports equity and access, through school affordability and OVC register of needs, which are monitored under the 10th EDF. The social accountability and school governance project to be implemented by UNICEF under this SPSP will complement on-going support to NANGOF and education projects to be funded under the Thematic Programme for Non State Actors and Local Authorities in Development.

1.6. **Donor coordination**

The MoE is taking the lead in co-ordinating all Development Partners in education, with the EU as the donor facilitator within the donor group. The co-ordination process consists of bi-monthly meetings between the Government of Namibia and the Development Partners, the annual review meeting where sector progress is jointly reviewed and the annual technical meeting where specific technical issues selected at the Review are discussed. The policy

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10 Namibia Civil Society Capacity Building Programme (9 ACP NAM 13). The main objective of this Programme is to provide capacity building through Namibia's civil society umbrella organisation (NANGOF)

dialogue between Development Partners and the MoE has intensified as a result of ETSIP, and has been institutionalised through the Memorandum of Understanding (MoU) establishing an understanding for the joint and coordinated implementation of ETSIP. A new format for the review will be developed in order to ensure sector wide policy dialogue, to be informed by a sector technical working group made of Education stakeholders.

2. DESCRIPTION

2.1. Objectives

*General objectives:*

The Government of the Republic Namibia is geared towards achieving the MDGs. Vision 2030, the policy framework for long-term national development (2004), calls for equitable social development and Vision 2030 acknowledges the critical role and benefits of an effective and efficient education and training system. The general objective of the proposed sector programme is to assist the Government of the Republic of Namibia in reaching the MDGs 1 and 2 and meeting the challenge of ensuring equality of educational opportunities.

*Specific objectives:*

With the National Development Plan (NDP) 3\(^{12}\) recognizing that “progress towards equity has not been rapid enough”, and the need to lay the foundation for an effective and efficient education system at primary level, the specific objective of the proposed sector programme is to assist the Government of the Republic of Namibia with equitable access to quality and efficient education service delivery. It will support the Ministry of Education to reduce access and quality school inequities and inefficiencies at pre-primary and primary levels through needs-based planning and monitoring.

2.2. Expected results and main activities

*Expected results*

Results to be achieved are derived from NDP3 and sector documents, policies and strategies such as, among others, the Education Act, the ETSIP, the HIV/AIDS sector policy, the OVC sector policy, the Textbook policy and the up-coming Integrated Early Childhood Development (IECD) policy implementation plan and the Inclusive Education policy. Results focus specifically on strategic activities underpinning the equality of opportunity, improvement of the quality of teaching and learning and strengthening system management towards greater efficiency and accountability. During the implementation of the 10\(^{th}\) EDF Basic Education SPSP, the following results are expected:

- The quality of learning and living environment has improved and is up to standards in the prioritized disadvantaged primary and pre-primary schools.
- The quality of teaching has improved through effective teacher development and support and the increase of pre-primary and primary teachers meeting qualifications criteria.
- The quality of learning and system performance has improved through the increase in learners gaining the basic skills of functional literacy and numeracy.
- Educational attainment in lower and upper primary levels has improved.

\[^{12}\text{NDP III, 2007/8-2011/12}\]
• Educational needs of Educationally Marginalized Children (EMC) are catered for by the Government leading to increased access and retention of EMC groups in pre-primary and primary education levels.
• A comprehensive Monitoring and Evaluation framework is developed and linked to the Education Management Information System (EMIS).
• The sector public expenditure management and the fiscal decentralization are efficient and effective.
• Social accountability is strengthened through the engagement of Non State Actors in the monitoring and review of the effectiveness and efficiency of education services.

Activities
The main activities of the Commission to assist the Government in implementing its education reform programme and in achieving the proposed objectives and results will be: engagement in a sustained and strategic sector policy dialogue; monitoring of the compliance with the conditions for disbursement of budget support capacity development and facilitation of technical expertise in support of fast-tracking the education reform; monitoring of progress in sector policy implementation.

2.3. Risks and assumptions
There is no major risk with regard to the eligibility criteria for budget support. The economic and financial crisis has not limited the ability of the government to increase its fiscal space to allow for increased outlays in the identified priority areas of the education sector. The Debt ratio remains within target. The sustainability of the levels of expenditure is however at stake.

There is a risk that capacity required to fast-track quality and equity processes and outputs as per the sector policy dialogue matrix is not addressed timely and qualitatively enough within the Ministry of Education, thus delaying the expected impact in terms of repetition and completion rates at primary levels. This risk would be mitigated by the coordinated approach between Development Partners in supporting the identified pivotal policy issues where progress needs to be pushed.

The national Monitoring and Evaluation framework to be comprehensive relies on inputs by beneficiaries and sector stakeholders, whose capacity will be strengthened through the project on social accountability and school governance. Slow progress in that area may delay operationalizing the performance and monitoring system.

2.4. Stakeholders
The main Government of Namibia stakeholders are MoE, regionally and centrally, the Ministry of Gender Equality and Child Welfare, MoF and NPC. UNICEF will be the main partner to implement the social accountability project with support from Non State Actors. Intermediate institutional stakeholders will be the Regional Education Fora, School Clusters and Circuits, NANGOF and school boards. The beneficiaries are learners, with specific attention to OVCs (including out-of-school), parents and communities, specifically in marginalised/severely poor and poor areas. The social accountability and school governance project will institute the current missing institutional linkages between these different sector levels, thus prompting a more needs-based planning and monitoring and thus enhancing equity.
2.5. Crosscutting Issues

The Namibian education system has a high degree of gender parity, but boys’ drop-out rate is beginning to become an issue. The supported interventions will benefit boys and girls alike. Good governance, and the rights of parents to have responsibility in the upbringing of their children, will be promoted through strengthened accountability, school governance and system monitoring and evaluation. The activities around increasing access of OVC to pre-primary and primary education will promote their rights to education and will support the monitoring of Children's rights in Namibia. HIV/AIDS will be closely monitored through the related ETSIP sub-programme but also through the monitoring of the OVC sector policy and participation in the OVC Task-Force. Specific attention will be given to the functioning of HIV/AIDS committees and counselling support in primary schools.

3. IMPLEMENTATION ISSUES

3.1. Implementation method

A Financing Agreement will be signed with the National Authorizing Officer of the Republic of Namibia, represented by the Director General of the National Planning Commission (NPC).

4.1.1: Direct Centralized management. The main component will be the sector budget support. The EU funds of EUR 38 000 000 will be provided as direct, non-targeted sector budget support and will be disbursed in 4 fixed and 3 variable tranches as indicated in 4.3. EU funds will be disbursed to the State Revenue Fund subject to achievement of the agreed tranche release general and specific conditions.

4.1.2: Joint management. The sector budget support will be complemented by a grant component in joint management with UNICEF, through the signature of a Contribution Agreement with UNICEF. The government and UNICEF have agreed that UNICEF should strategically engage in the Education Sector. From 2000 to 2005, UNICEF was involved in supporting the social accountability portfolio of the school boards through training and enhancing community engagement. The comparative advantage of UNICEF in managing the social accountability project lies with its technical backing from regional and global networks and its capacity in convening partnerships and mobilizing civil society and other stakeholders to play their respective roles in strengthening accountability in the provision and quality of education. UNICEF will use its extended civil society field partner's networks, its experience with in-country awareness raising campaigns on Children's rights and its close collaboration with the Legal Assistance Center to design and disseminate Information and Education tools.

4.1.3: Partially Decentralized management. In relation to the three intervention pillars which have been identified during the formulation phase (Quality and Equity of Education, M&E and Decentralization/PFM), specific expertise and institutional support will be facilitated on a needs based approach whether to enhance system developments or to address identified capacity bottlenecks. A number of service contracts will be signed by the NAO to procure the jointly identified expertise to build capacity or undertake specific studies or research.

The responsible Authorising Officer ensures that, by using the model of financing agreement for decentralised management, the segregation of duties between the authorising officer and the accounting officer or of the equivalent functions within the delegated entity will be effective, so that the decentralisation of the payments can be carried out for contracts up to the ceilings specified below.
4.1.4 Centralized management (Audit and Evaluation). A final evaluation will be undertaken by independent consultants directly contracted by the Commission on the basis of specified established terms of reference. The EU may decide to audit the TA component and/or the Contribution Agreement in the course of the project. Frameworks contracts will be used and managed centrally on behalf of the beneficiary.

**Procurement and grant award procedures**

a) *Budget support:*

N.A.

b) *Joint Management (Contribution Agreement):*

All contracts implementing the action are awarded and implemented in accordance with the procedures and standard documents laid down and published by the International Organisation concerned.

c) *Partially decentralized management (Technical assistance component)*:

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the Financial Regulation applicable to the 10th EDF. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in Article 20 of Annex IV of the Cotonou Agreement.

d) *Centralized Management (Audit and evaluation):*

see c)

3.2. **Budget and calendar**

The operational duration from the signing of the Financing Agreement is 48 months.

Total support will be EUR 42 150 000 provided as i) budget support (EUR 38 000 000); ii) EUR 2 000 000 to be used for capacity development, research, technical expertise; iii) joint management through a Contribution Agreement to be signed with UNICEF (EUR 1 600 000); iv) Audit/Final evaluation (EUR 150 000); and v) Contingencies (EUR 400 000).

The disbursement schedule for the budget support is foreseen as follows:

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### Disbursement

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</table>

### 3.3. Performance monitoring and criteria for disbursement

Performance monitoring is the responsibility of the government and with dialogue expected to focus on two key policy areas, quality and equity. A Primary and Pre-Primary Education Results-Framework has been established to form the basis of the sector dialogue and the monitoring of sector progress.

The process of performance monitoring shall be complemented by the Annual Review Meetings in April and the Technical Meetings in September each year. These reviews will assess performance against the Primary and Pre-Primary Education Results Framework which focuses on objectives in pre-primary and primary education. In principle, disbursements will be made in year N+1 based on an assessment of progress in sector policy undertaken in year N which covers results achieved in year N-1. In this way the European Commission will provide the Government of Namibia with an indication of the amount to be disbursed, subject to the confirmation of overall eligibility conditions, in advance of each financial year. Reflecting this, the Annual Review conclusions are anticipated to be confirmed in September of each year thereby allowing the European Commission to give an indication of the amount to be disbursed in the following fiscal year.

During the April Review meeting, sector performance will be monitored on the basis of the Primary and Pre-Primary Education Results Framework in Annex III. The outcome of the April Review Meeting and the conclusions on sector progress will be captured in a Review Aide Memoire.

During the September Technical Meeting, progress on issues identified in the April review meeting will be reported on. Sector plans for the following financial year will be discussed and assessed against the April review conclusions and the draft budget. The conclusions of the April review Meeting and of the September meeting will form the basis for communicating to the Government the indicative amounts (fixed and variable tranches) to be disbursed in the following financial year.

### 3.4. Evaluation and audit

A final evaluation will be undertaken by independent consultants directly by the Commission on the basis of specified established terms of reference. A provision of 150,000 EUR has been made in that regard under this agreement. No specific EU audit arrangements are foreseen. The audit reports produced by the Office of the Auditor General in Namibia will be used to assess sector performance during annual review meetings.

### 3.5. Communication and visibility

Visibility of the EU will be promoted through a signing ceremony for the Education Sector Policy Support Programme (SPSP) and press releases for the annual budget support
disbursements. The EU Delegation Newsletter will feature articles on EU Budget Support and the website of the Delegation will be actively used to create sufficient visibility.
Annex III

1. **IDENTIFICATION**

<table>
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<tr>
<th>Title/Number</th>
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2. **RATIONALE**

2.1. **Sector context**

Twenty years have passed since Namibia became independent in 1990. In this period Namibia has achieved upper middle-income status with a per capita income reaching over US $4 200. But this figure hides considerable disparities. Despite strong alleviation programs, poverty and inequality remain prominent features of Namibian society. High levels of poverty persist in rural communal areas where about half of Namibia’s population of 2 million lives, making their livelihood mainly from subsistence agriculture and livestock keeping. With a Gini Coefficient of 7.4 Namibia also has one of the most unequal distributions of income in the world.

The gap between rural and urban incomes fuels migration to the country’s major cities, which in turn increases urban poverty. The latest statistics pin employment at 50% of the economically-active population. Wide disparities in infrastructure development between the impoverished northern parts of the country and the central and southern regions remain. Insufficient access to quality education and health services is a major feature of poverty in Namibia. The economic and geographical dualism, partly a legacy of the country’s apartheid era, poses one of the biggest challenges to the fight against poverty in Namibia. HIV/AIDS is yet another challenge with considerable socio-economic costs. The low productivity of the affected and infected working population, together with the increasing number of orphaned children, poses a country-wide challenge. It comes therefore as no surprise that poverty reduction is situated as the main policy objective of national development reflected in Vision 2030 and five-year National Development Plans (NDPs).

On March 20, 2010 Namibia’s new National Assembly and its newly re-elected President assumed responsibility for governing Namibia in the coming five years. Both the Executive and the Legislature are faced with having to ensure timely and full implementation of the Government’s program for the two to three remaining years of the Third National Development Plan (NPD 3, 2007/08-2011/12), as well as for elaborating a successor development program that will carry the country further forward towards reaching the objectives articulated in Vision 2030. It is recognized that faster progress in poverty reduction will not be easy and will require strenuous and mutually-reinforcing efforts of the Executive, the bicameral Parliament and the citizenry through civil society organizations. This requires more effective interaction between these stakeholders, in conformity with

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13 Regional Elections are scheduled for November 2010 which, in turn, will lead to the election by year-end of the National Council (which will have a term of six years).
the Paris Declaration. Strengthening the oversight function of the two Houses of Parliament is an important component of such improved interaction, but improving interaction mechanisms themselves between Parliament, the Executive and Civil Society is an equally important challenge that is to be met in the years ahead. Meeting this challenge is the main objective of this Parliamentary Support Program, which supports changes in mindsets and adapted interaction processes and builds institutional and staff capacities. The Program will also provide opportunities for better networking between the two houses of Parliament.

2.2. Lessons learnt

Several donors have financed capacity development programs of Parliament, including USAID which supported Parliament from the mid-1990s until 2008 through a comprehensive program that aimed at increasing civil society interaction with Parliament. Although the quality and spread of activities was impressive, the main lessons drawn from that support point to the need for a clear comprehensive strategy owned by Parliament as a core element of institutional strengthening. The Government of Finland, as well as international foundations\textsuperscript{14}, have also financed capacity building programs that targeted both Members of Parliament and support staff – much of which proved useful – but some of their impact remained limited, reportedly due to the \textit{ad hoc} nature of capacity building inputs and minimal institutional strategic ownership of the beneficiaries. Another lesson learnt is that previous interventions have attempted to cover a wide range of challenges, rather than being focused on the achievement of a limited number of objectives. These lessons have been fully taken up by Government, Parliament and the Delegation and are reflected in the design of this proposed Parliamentary Support Program which facilitates the implementation by Parliament of two Strategic Plans, i.e. those of the National Assembly and the National Council.

2.3. Complementary actions

The European Union (EU) intervention will assist the National Assembly and the National Council in carrying out their Strategic Plans, thereby assuring the relevance of inputs and the ownership and leadership of the Support Program. Linkages with the current 9\textsuperscript{th} EDF support program to the Namibian Non-Governmental Organisation Forum Trust (NANGOF Trust) will be developed. Program operations will also be calibrated with efforts of Government to strengthen monitoring and evaluation under a prospective EU Sector Budget Support program for the education sector. The advent of the two Strategic Plans has also energised other donors to consider supporting programs for strengthening democratic oversight institutions. To illustrate, USAID is identifying the nature of its contribution and in all likelihood will focus its US $2 million complementary program on helping to strengthen democratic oversight by Regional Councils of programs that focus on HIV/AIDS and/or land reform/settlement issues at the local level. Strengthening of public finance management of lower-level authorities could also be targeted. The Government of Finland is reviewing a proposal from the Institute for Public Policy Research (IPPR) for a project that aims at civil society monitoring of the performance of the newly sworn-in Parliament, inter alia through observing, analysing and disseminating information about the debates and activities of both the National Assembly and the National Council. The Friedrich Ebert Foundation is planning for the provision of capacity building support through financing induction programs for Members of Parliament (MPs) and parliamentary interchange. Lastly, the Konrad Adenauer Foundation is looking to fund capacity development of some of the Standing Committees not targeted by this intervention as well as activities relating to the publishing of the Parliament Journal and importantly, the upgrading of the website and Hansard which will complement activities under this programme. Overall, one of the key guiding principles of the

\textsuperscript{14} In particular two German foundations, i.e. the Friedrich Ebert Foundation and the Konrad Adenauer Foundation. The SADC Parliamentary Forum also provides ad hoc training opportunities for Parliaments in the region.
The proposed Support Programme is to capitalise on and complement activities undertaken by other development partners.

2.4. **Donor coordination**

Coordination of development partners is assured through the Development Partners Group meetings co-chaired by the National Planning Commission and the United Nations (UN) Resident Coordinator’s Office. A more structured and regular exchange between EU Members States and the Commission takes place under the leadership of the Presidency and soon under the Delegation, through monthly meeting of the EU Heads of Cooperation. In this forum the proposed funding for the Parliamentary Support Programme has also been raised. In accordance with the Paris Effectiveness Principles and the Accra Consensus, Parliament assumes principal responsibility for the results of the Support Program. Strategic guidance for program identification and formulation has been provided by a Steering Group chaired by the EU Delegation.

3. **DESCRIPTION**

The Parliamentary Support Programme aims at strengthening the performance and domestic accountability of Parliament for the purpose of supporting its engagement on the development agenda of Namibia.

The main thrust of the programme lies in strengthening the capacity of those Standing Committees in both Houses whose mandates include the exercise of executive oversight over key aspects of the Government's poverty reduction programme. These would include for the National Assembly: (i) the Standing Committee on Economics, Natural Resources and Public Administration, (ii) the Standing Committee on Human Resources, Social and Community Development, (iii) the Public Accounts Committee and the newly created (iv) Committee for Women. The corresponding Committees of the National Council are those on (i) Public Accounts and the Economy, (ii) Gender, Youth and Information, (iii) Regional Development and (iv) Habitat.

While the overarching capacity strengthening objectives of both Chambers are described in the Strategic Plans of Parliament, the formulation phase has focused on developing a Parliament-owned and agreed upon capacity approach which will permit the EDF support to focus vigorously on both increasing the work quality of these strategically placed Standing Committees while also enhancing the institution's domestic accountability. This objective will be achieved through a three-pronged approach which will simultaneously firstly, increase capacity of targeted committees (result 1), secondly enhance interaction between the committees and Parliament at large with civil society (result 2), and thirdly, support the Parliament secretariat (result 3) which is entrusted with supporting the MPs in their work. This comprehensive approach recognises that the different functions of Parliament and committees (law-making, oversight, representation) are mutually reinforcing and should not and cannot be artificially separated by the Support Programme. Thus, strengthened oversight needs increased domestic accountability and vice versa. In addition, the approach will seek to provide opportunities for networking between the two Chambers as training will be offered jointly.

The importance of well-functioning Standing Committees for a strong Parliament cannot be underestimated. As in other Parliaments, the targeted Standing Committees are elected from within Parliament and are its lifeblood. They allow Parliament to divide the workload and for MPs to specialize in such topics as public finance management, energy, agriculture. They also permit MPs to meet with the public and hold hearings on bills and other matters of concern to the public, MPs and government officials. Committees can also recommend to government bodies ways to improve their work. The proposed programme's concentration on strengthening these key Committees is grounded in experience with programmes that aim at enhancing the effectiveness of several Parliaments in Sub-Saharan Africa within similar political contexts as that of Namibia, which has revealed that strengthening Committee operations has yielded most increased effectiveness over time. In addition,
inasmuch as resources are limited and the EU-financed support program is to be viewed as the beginning of a longer-term association with Parliament, it is seen to be practical to focus the first phase of the Support Programme on realistically achieving a set of limited, Parliament-prioritized objectives only.

3.1. Objectives

The overall objective of the Parliamentary Support Programme is to strengthen the performance and domestic accountability of Parliament to support its engagement on Namibia's development agenda.

The Programme's purpose is to develop capacity within Parliament and its relevant Standing Committees to provide executive oversight and to interact with citizenry on the implementation of the poverty reduction programmes.

3.2. Expected results and main activities

Three results areas form the core of the Programme:

Result 1: Strategic institutional capacity, structures and processes improved at poverty reduction relevant Standing Committees and support structures

Key result: Relevant Standing Committees of the National Assembly and National Council are pro-actively providing informed oversight of poverty reduction programs, including those supported by Development Partners.

Activity 1.1 Support and operationalize Parliament's review of the scope, mandate and workings of Standing Committees

The mandates of the Standing Committees are in some instances overlapping and unclear, affecting the quality of law making. Due to the large number of MPs who are members of the executive, committee work is left to a rather small group of MPs who have to divide their time between several committees whose membership is extensive. The programme would support and operationalize a review of the scope, mandate and workings of the Standing Committees in both Houses for the purpose of putting in place a clearer, more efficient committee structure as one of the first activities under the EDF assistance.

Activity 1.2 Define and roll-out a permanent, targeted, advanced capacity development programme for relevant Standing Committee members and staff

To help the targeted committees better perform their roles in reviewing and refining legislation, specific training workshops to enable MPs and staff improve their skills in analyzing bills, reviewing the national budget and national development plans and conducting research will be conducted, using as much as possible a number of previously produced publications, including: Parliamentary Committee Quick Reference Guide; How Laws are Made; A Guide to Legislative Research on the Internet; Analyzing Legislation, Reading Bills Critically; and Understanding the National Budget.

While many of the trainings will be generic in that all targeted committee members can benefit from them, there is provision to provide focused training to a certain committee on issues of special interest to them. An example would be the members of the Public Accounts Committee in the National Assembly who will need targeted substantive training on different accounting principles, the State Finance Act and Treasury Instructions and on how to analyze financial statements from State-Owned Enterprises to name but a few of the training needs. For the members of the Committee for Women in the National Assembly and the Committee for Gender, Youth and Information in the National Council, such targeted training would include tools for gender impact analysis of public policy. A key challenge in the first year of the Support Program will be to define with the Chairman of each committee, Committee Members and support staff the focus, timing and modalities of such capacity
building program, taking into account also the differing schedules of the two Houses. The assessment of capacity building needs must necessarily start from a work program of the Committees which they will elaborate at the start of each Parliamentary year.

In defining the capacity building activities falling under this programme, complementarity and coordination with other development partner supported capacity interventions would be sought, also in order to establish the preferred approach to capacity building which can include training, exchange visits, e-learning, on-the-job training and internships.

Activity 1.3 Assist the implementation of the oversight function of relevant Standing Committees over Offices, Ministries, Agencies (O/M/A) and State-Owned Enterprises

By closely tying in with the continuous capacity intervention described above, the programme will support the execution of oversight by the relevant Standing Committees over the executive's poverty reduction related programmes. Assistance will be provided to develop work programmes for the targeted committees on issues that they want to focus on in the year, identifying the relevant O/M/A to appear before the committees and timing hearings with the submission of executive's accountability reports. By advocating for the Executive to provide the Committees with quarterly accountability reports, Committees can ascertain at an early stage emerging implementation problems and bottlenecks, and hold the Executive to task for formulating timely corrective action plans. The programme will support the preparations, including research, of these key meetings to stimulate substantive and focused discussion on budgetary allocations, capital projects and poverty impact. Thought is rightly also being given to increase insight into these committee hearings by opening up sessions to press and public which will be advocated by the programme. For the Public Accounts Committee of the National Assembly and the Committee for Public Accounts and the Economy of the National Council, hearings will concentrate on audit and performance audit reports coming from the Auditor General. Annually – and on a continuing basis - the Public Accounts Committee receives some 120 reports from the Auditor General and over stretched as it is, focuses on reviewing those reports that are qualified by the Auditor General or which include adverse findings. To allow for a more in-depth review of budget outcomes, the programme could support the outsourcing to civil society or academia of analytical work.

Lastly, both Chambers are proposing under their Strategic Plan to consider the possibility and desirability of a direct referral system of Bills to Standing Committees. Consideration of this issue will be influenced by assessments of Committee capacities. There could well be merit in the programme supporting an analysis of the impact of automatic referral on the quality of law- and policy making as the thinking on the issue evolves.

Activity 1.4 Implement regular communication between relevant Standing Committees and civil society/academia to enhance knowledge of poverty, including its gender dimension

The programme will support regular interaction between civil society, including academia and the relevant Standing Committee on key poverty reduction issues feeding into the work programmes of the committees. There is a welcome record in Namibia of committees inviting civil society to its public meetings, but with access to financial resources under the Parliamentary Support Program committees could be in a position to contract for special studies which could, as an example, review the impact of Government expenditure on poverty reduction and on gender. Identifying the incidence of poverty-reducing (pro-poor) and gender enhancing (pro-gender) expenditures in Government's overall expenditure program could be an example of collaboration between the Committee, Government and civil society.

Activity 1.5 Conduct regular meetings between Standing Committees and Namibia's development partners to dialogue on aid effectiveness
Parliaments are increasingly playing a role in ensuring aid effectiveness and improving their country's ability to assume full ownership of national development policies and programs. The trend in Namibia towards delivering aid in the form of budget support – for the EU in particular – presents opportunities for Parliament to dialogue and exercise oversight over Official Development Assistance (ODA) and, in consequence, for strengthening the interaction between Parliament, the Executive and the donor community. Points of such interaction include consultations with the donor community on the harmonisation and alignment of its support with that of Government under the NDP 3 but also in the conduct of sector reviews in such areas as education, health, water supply and gender. The interaction between Parliament, the Executive and donors would be facilitated by providing a platform for regular meeting to dialogue on ODA, its priorities and flows of communications. Success in this new area of interaction would also involve some training of MPs and Committee staff in external aid management issues.

**Activity 1.6 Set and deliver a platform for experience sharing on poverty reduction with international/regional experts**

In order to assist committee members to assess the effectiveness of national development programmes, it is necessary to expose members and staff to international experiences in this field. The programme will support the sharing of information and best practice with international/regional experts on key topics of interest to MPs. The platform could progressively be opened up to the general public in cooperation with the University of Namibia (UNAM) and the Polytechnic to stimulate wider debate.

**Result 2: Domestic accountability enhanced**

**Key result:** Increased opportunities for public participation by citizens through the conduct of public hearings, access to legislation and improved media relations

**Activity 2.1 Increase access to legislation currently in force and draft bills**

The programme will support the interaction between citizenry and Parliament for increased accountability, and in consequence, stronger legitimacy, by opening up venues for public participation in law- and policy making. Currently, public participation is hampered by a lack of access to laws in force in the country and to draft bills introduced to amend or complement the legislative framework. Through building on existing but limited efforts to gather existing legislation in one place, the programme would support the setting up of a legislative database at Parliament accessible to all. Once established by the programme, the database would be maintained by the Legal Department of Parliament. In parallel, substantive draft bills tabled at Parliament for discussion would be summarized in reader-friendly, layman's terms to allow for better-informed and wider debate among civil society seeking better representation and information from the elected representatives. The draft bills and the layman summaries would be made available on the Parliament website and disseminated through civil society networks such as the NANGOF Trust. The revamping exercise of the Parliament website funded by the Konrad Adenauer Foundation will support this activity.
Activity 2.2 Conduct programme of public hearings to engage broadly with the citizenry on the poverty agenda

In a geographically large country like Namibia, it is important for the legitimacy of Parliament to reach out to its citizenry to expand opportunities for public input and oversight. The programme will assist Parliament and its committees to develop a programme of public hearings on defined themes feeding into committee work and Parliament debate. The public hearings should be open to all, with care being taken to link up with regional civil society, private sector, media as well as local leaders. Regional public hearings should also provide an opportunity for MPs to visit capital projects and gather insights on their implementation by Offices, Ministries and Agencies of Government and State-Owned Enterprises. The programme will not support expenditure related to the buying of means of transport from Parliament which should utilise as much as possible the existing vehicle fleet. Broad visibility of EU support will be linked to this activity.

Activity 2.3 Improve media relations

The effectiveness of the work of the Public Accounts Committee of the National Assembly is widely attributed to the involvement of media in its deliberations, thereby helping to stimulate public debate. Efforts will be made under the Parliamentary Support Program to extend this successful experiment to the work of the other "poverty reduction-related committees". To frame Parliament's interaction with the media, a media strategy and a Standing Operations Manual for Parliamentary staff on contact with the media, including the management of the website, will be produced. The strategy and manual will shift the focus from a reactive Parliament to one that can create a positive media image and increase public scrutiny.

Result 3: Parliament secretariat strengthened

Key result: Parliament structures and capacity transformed to meet the needs of an effective, pro-active institution.

Activity 3.1 Support the implementation of the recommendations of the institutional and capacity needs assessment of Parliament

Attracting, developing and retaining of Parliament staff will command high priority in the coming years. Over the past few years rotation has been high which takes away from the sustainability of capacity interventions as well as erodes the institutional memory regarding the executive review process. Retention of staff – particularly of lawyers - is held to be a difficult challenge for as long as staff has only limited career development opportunities. Parliament will address this generic issue by conducting an institutional and capacity needs assessment in the period leading up to the EU support. It is reasonable to assume that the assessment will conclude on the need to establish a separate Parliamentary Service Commission which was previously flagged in the Parliament's Agenda for Change but subsequently not implemented. The political sensitivities surrounding such an initiative appear to have calmed, making the time right to add it on the agenda. The programme will support the implementation of recommendations coming out of the needs assessment as this is seen as a critical success factor for the long-term sustainability of the programme.

Activity 3.2 Define and roll-out training programme (including team building) for Secretariat staff (Research and Information Division of Parliament (RIPES), Legal, Press, Finance, Clerical)

In order to raise the level of service delivery of Parliamentary staff, it is essential to design and implement an extensive training programme to meet their capacity needs, enhance morale and improve communication. Apart from generic training on issues such as the strategic plans of the two Houses and internal communication structures, staff should be exposed to specialised training to meet their terms of reference. To name an example, finance and administrative staff should benefit from training on control standards, asset management, record keeping and report writing while committee clerks, apart from the training that they take part in with MPs, should receive training on research and report
writing skills. Staff has also voiced the need for team building to boost morale among support services.

**Activity 3.3 Support implementation of HIV/AIDS workplace policy and programme**

The HIV/AIDS pandemic has also been hitting hard in Parliament and reflects upon staff availability and productivity. Both Houses have progressed well on the establishment of HIV/AIDS workplace policies and programmes focusing on reducing the spread and mitigating the impact of the epidemic. Both staff and MPs are eligible to take part in the programmes the implementation of which will be supported by this intervention.

**3.3. Risks and assumptions**

Over the past ten years several attempts have been made to strengthen the functioning of Parliament with support from donor institutions. Not all have had a positive effect. Reasons cited include lack of focus, inadequate project executive management as well as limited interest of Members of Parliament. While further program preparation work will address these issues, the focus of the proposed program on the strengthening of Standing Committees is one risk mitigation approach. Others include the endorsement of the Parliamentary Support Programme by the Speaker of the National Assembly and the Chair and Vice-Chair of the National Council which has locked in essential stakeholders’ commitment to the Support Programme. It should be noted, however, that sustainability of capacity development can be strengthened if the capacity of Parliament to attract and retain quality staff can be assured. In this context, the issue of the creation of a Parliamentary Public Service Commission will be advocated for under the programme, especially as it is assumed that the creation of such a body will be one of the recommendations emanating from an institutional and capacity needs assessment of Parliament.

**3.4. Crosscutting Issues**

The envisaged programme effectively mainstreams HIV/AIDS by providing support to the implementation of the HIV/AIDS policies and programmes of both Houses for the purpose of reducing the spread and mitigating the impact of the epidemic. The proposed programme's engagement with the newly-established Committee for Women under the National Assembly and the Committee for Gender, Youth and Information under the National Council will ensure that MPs serving on these committees and support staff are given tailor-made training to increase their gender awareness and knowledge of tools to enable better analysis of the gender impact of public policies and budgets. To inform the work of MPs in crucial areas such as gender, it is also envisaged that Parliament will work in closer collaboration with civil society and academia to outsource the conduct of studies/research. The programme will ensure that implementation modalities take into account environmental accountability. The Parliamentary Support Programme as such contributes positively to good governance and increased public participation.

**3.5. Stakeholders**

The stakeholders who will be involved and will benefit from a strengthened Parliament engagement on the development agenda and increased accountability include:

- Line ministries involved in implementing development agenda;
- The Ministry of Finance and the Office of the Auditor General;
- The National Assembly and National Council;
- Key Standing Committees of both Chambers;
- Civil Society Organisations contributing to poverty reduction programmes;
- The public at large including grassroots communities as main beneficiaries of the poverty reduction program.
4. **IMPLEMENTATION ISSUES**

4.1. **Method of implementation**

The Financing Agreement will be signed with and by the National Authorising Officer (NAO) of the Republic of Namibia, namely the Director General of the National Planning Commission. The programme will be implemented in partially decentralised management through the award of a service contract following an international restricted tender procedure by the NAO to a selected contractor for the implementation of the programme. The use of the suspensive clause for the launch of the tender procedure related to this service contract is allowed.

The Programme will be supervised by the Program Steering Committee (PSC). The Steering Committee will oversee the management by the selected implementing institution of the Support Programme and assume principal responsibility for monitoring and supervising the intervention. The PSC shall meet quarterly or more frequently if need be.

The Steering Committee shall be co-chaired by the National Assembly and the National Council and also include:

- Representatives from the National Planning Commission (2)
- Representation from the Delegation of the European Union (2)
- Representation from the program implementing contractor who will function as Secretariat (1).

Further staff from the National Assembly and the National Council can be included in the composition of the PSC however the balance in terms of numbers of representatives between the two Houses and between the political parties as represented in the two Houses should be respected.

A Reference Committee that has wider representation will also be created. It will include representatives of donor institutions that may develop an interest in supporting the Program, or who may provide other democratic oversight institutions with financial or technical assistance. These arrangements aim at ensuring that donor programs are maximally harmonised and aligned with the Strategic Plans of Parliament and those of Government.

The selected contractor will be responsible for the day-to-day implementation of the program, including strategic and management guidance to all staff, partners, consultants and stakeholders, ensuring financial reporting on time and as per budget by the accountant and reporting to the PSC. The contractor will ensure linkages and integration of this program with other relevant development programs as well as the coordination of any additional donor support.

There may be direct meetings between the EU Delegation and the contractor on technical issues, particularly monitoring and communication on financial and contractual matters.

The Commission controls ex ante all the procurement procedures.

Payments are executed by the Commission.

4.2. **Procurement procedures**

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.
Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by Financial Regulation applicable to the 10th European Development Fund.

4.3. **Budget and calendar**

The approved programme will be implemented over a period of 60 months (including a 24 month closure phase) from the date of the signing of the financing agreement.

The total programme cost is estimated at EUR 1 500 000, from the 10th EDF A envelope.

The indicative breakdown of the budget is as follows:

<table>
<thead>
<tr>
<th>Categories</th>
<th>EUR</th>
</tr>
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<tbody>
<tr>
<td>Service Contract</td>
<td>1,375,000</td>
</tr>
<tr>
<td>Communication/Visibility</td>
<td>10,000</td>
</tr>
<tr>
<td>Contingencies*</td>
<td>70,000</td>
</tr>
<tr>
<td>Monitoring, External Evaluation and Audit</td>
<td>45,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,500,000</strong></td>
</tr>
</tbody>
</table>

* The European Union's contribution to the ‘Contingencies’ heading may be used only with prior agreement of the Commission

4.4. **Performance monitoring**

The day-to-day monitoring of the programme will be in the hands of the implementing contractor which will report on progress quarterly to the Project Steering Committee. The Steering Committee guides and oversees project implementation and is responsible for verifying the reports and proposed action plans of the implementing contractor.

It is anticipated that a suitably experienced staff member of the contractor will be tasked to develop and manage a comprehensive Monitoring and Evaluation (M&E) Plan for this program, to transfer skills of monitoring and evaluation to program partners and to take an active lead in the monitoring and evaluation of the programme and ensuring that programme objectives and stated results are met. The M&E plan that will make provision for set indicators to annually measure progress towards the attainment of the Objective and Results will be designed by such organization along an indicator/target matrix under the guidance of the Steering Committee. It is anticipated that data sets to be analysed will be compiled through a series of satisfaction surveys, focus group discussions and direct interviews. Analysis of programme results will then be conducted by comparing such analysis with data obtained through the Southern African Democracy Barometer for example. The M&E plan should be developed on the basis of the Objectively Verifiable Indicators (OVI) presently included in the logical framework matrix which includes a mix of input, output, perception and impact indicators.

4.5. **Evaluation and audit**

The programme should be monitored at the end of year 1 according to results oriented monitoring (ROM) guidelines. A Mid Term Review should be carried out in year 2 and a Final Evaluation in year 3. The service contract will be audited in line with the provisions of the "Practical Guide to Contract Procedures for EU External Actions". The National Authorising Officer (NAO) may use programme funds to organise an independent audit. Evaluation and audit contracts are concluded by the European Commission on behalf of the beneficiary country.
4.6. Communication and visibility

Parliament and the project implementing contractor shall ensure that adequate publicity is given to the EU funded Parliamentary Support Programme by making the general public aware of the role played by the Union in this process.

The following indicative set of communication and visibility activities will be undertaken as part of the programme:

- Press releases prepared when the signing of the Financing Agreement takes place
- Mentioning of the cooperation between EU and Parliament, during officials visits of the representatives of EU institutions
- Official press releases from Parliament on key programme activities
- Information on Parliament website