

**INDICATIVE CO-OPERATION PROGRAMME
2004-2006**

BETWEEN

THE REPUBLIC OF NAMIBIA

AND

THE GRAND DUCHY OF LUXEMBOURG

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INTRODUCTION

Since 1993, the relationship between Luxembourg and Namibia has seen a substantial enhancement, particularly in the field of development co-operation. This reinforcement is reflected in the signature of a first Basic Co-operation Agreement on 8th November 1995, renewed on 13th January 2004, and in the establishment of the present Indicative Co-operation Programme (ICP). Moreover, Namibia is one of the ten "target countries" of the Luxembourg Co-operation, and as such has received constantly increasing annual contributions from Luxembourg since 1995.

Whereas until now development co-operation between Luxembourg and Namibia was mainly based on a "project" approach, the two parties consider the future of this co-operation in a more programmatic context. The first Indicative Co-operation Programme (ICP) 2004-2006 is the result of the dialogue between the Namibian and Luxembourg Governments, based on the previous experiences and on the recommendations made by the country evaluation that was commissioned in 2003. The ICP is based on the options defined by the Namibian Government in the Second National Development Plan (2001-2006) and on the principles and strategies of Luxembourg's development co-operation. The ICP aims to reinforce and encourage the co-operation relationship between the two countries with the essential objective: fight against poverty and sustainable development.

In addition, the two parties stress the importance to continue the dialogue on political matters. They intend, as they did in the past, to consider questions of common interest and to promote respect for democratic principles, human rights, rule of law, good governance and gender equality. They will pay special attention to the questions concerning social cohesion, reduction of inequalities and regional integration.

1. OBJECTIVES OF THE ICP

The ICP will allow:

- improved relevance of the foreseen actions to the reality and the needs of Namibia;
- better coherence with national policies and particularly with the Second National Development Plan (2001-2006);
- to develop synergies between the co-operation projects supported by Luxembourg, and between these projects and other national, bilateral and multilateral development initiatives;
- a more coherent development of the Luxembourg co-operation interventions;
- comprehensive and joint monitoring and evaluation, systematically involving various institutional actors; and
- better combined programming of the resources.

The first ICP will last for a period of three years (2004-2006) in order to coincide with the conclusion of the implementation phase of the Second National Development Plan.

The present ICP will constitute an important steering instrument for the co-operation between the two countries. The mechanism will introduce an element of predictability as well as a multi-annual dimension, that are both aimed at an improvement in the flexibility of aid management. The ICP will also assist the parties in matching the development priorities of Namibia with the available resources that can be made available by Luxembourg. As such, this instrument constitutes an important innovation in the co-operation relations between Namibia and Luxembourg.

2. GENERAL FRAMEWORK OF THE ICP

2.1. Legal and institutional framework

The co-operation relationship between Luxembourg and Namibia is governed by the following legal agreements:

- the Basic Co-operation Agreement between the Republic of Namibia and the Grand-Duchy of Luxembourg, signed on 13 January 2004, which stipulates the general principles of the relations between the two parties, defines the forms of co-operation and determines the implementation methods as well as the competent bodies;
- the Project Protocols regarding the implementation of the individual projects; and
- the present ICP as a steering and monitoring instrument for the medium-term co-operation.

The ICP deals with the programmes and bilateral co-operation projects designed and implemented by the Luxembourg and Namibian Governments. It also constitutes a guiding reference for multilateral projects and for the non-governmental organisations (NGOs). It is elaborated, implemented and evaluated jointly by the Luxembourg and Namibian Governments through the governmental and administrative bodies responsible for development co-operation:

- for Namibia, the Office of the President through the National Planning Commission Secretariat; and
- for Luxembourg, the Ministry of Foreign Affairs and Immigration through the Directorate for Development Co-operation.

These bodies are responsible for the coordination and the monitoring of the ICP. For its implementation, these organisations rely on their respective administrative and technical services, and on the expertise of international and non-governmental organizations working for the development of Namibia.

2.2. Namibia's Development Objectives

The Vision of Namibia's NDP2 is "sustainable and equitable improvement in the quality of life of all the people in Namibia". This long-term vision will be addressed through the implementation of the national development objectives, which include the need to:

- revive and sustain economic growth;
- create employment;
- reduce inequalities in income distribution;
- reduce poverty;
- reduce regional development inequalities;
- promote gender equality and equity; and
- promote economic empowerment.

The national strategies to achieve the above include the following:

- promoting and strengthening an enabling environment for economic growth and development, including strengthening the development of the informal sector medium and small-scale enterprises;
- promoting environmental and ecological sustainability, including awareness raising;
- promoting participatory development and equity, including increasing productivity and output within subsistence agriculture and the empowerment of women;
- developing human resources;
- promoting good governance; and
- strengthening Namibia's international role.

Of particular importance is the NDP2 statement that the concerns with gender equality and with sustainable development remain among the highest priority policies.

2.3. Namibia's Development Efforts

Over the past 14 Financial Years, the Namibian Government has allocated on average 37.54% of the total annual budgets to the social sectors of health and education. Over these years, approximately one third of the allocation has been earmarked for the health sector, while the remainder is assigned to the education sector.

When the budgetary allocations to the Ministry of Agriculture, Water and Rural Development are included (for constituting one of the ICP's target sectors), the resource allocation from own revenues since Namibia's Independence to the social sectors has been on average 44.50%. Of this, 47% and 28.35% has been allotted to current and capital expenditures, respectively.

Given the significant importance that the Namibian Government attaches to the development of the social sector, it can be argued that, on the one hand, (i) Namibia

has to spend a major share of its resources on reducing the backlog of human and physical resources that has been brought about during the pre-Independence era, specifically within the social sectors, and, on the other hand, (ii) that this cannot continue to be done much longer at the expense of the other important sectors, specifically if the importance of, for example, the industrial sector is noted within the context of globalisation, without substantial external assistance.

It must be pointed out at this stage that within the Namibian context, substantial spending on the development budget of the social sectors in order to redress past injustices does not immediately and necessarily lead to an increase in the standard of living or an increase in per capita income. A major portion of the development budget is still required to merely eliminate the backlog in physical facilities before line Ministries can make a concerted effort to address issues of employment creation, income distribution and quality of life.

2.4. Namibia's Development Co-operation Policy

It is essential for all external funding agencies to take note of the Namibian Government's position that external development assistance must be guided by the national development priorities of the country. As such, aid should, among others, be geared towards institutional and human resources and capacity building, poverty reduction, employment creation and income generating projects. External assistance should promote gender development, improvement of marginalized groups, environmental sustainability, reviving and sustaining economic growth and development, particularly of rural areas and provision of essential services. In addition, external assistance should enhance the promotion of democracy, human rights, good governance, participatory development, transparency and accountability. However, external assistance should not perpetuate dependency or undermine the country's priorities, or development efforts and policies.

Namibia's Development Co-operation policy is geared towards achieving the following specific objectives:

- mobilise external resources in support of national development and regional development;
- optimise external and internal aid resource flows;
- continue maximising aid (grants) as the preferred form of external assistance given Namibia's limited capacity to service debt obligations;
- optimise the allocation of foreign and local aid resources in support of the Government's overall development priorities and strategies;
- ensure that development assistance for Namibia is demand-driven and is determined in accordance with Government priorities and strategies;
- channel external aid inflows towards productive projects and programmes so as to enhance the country's capacity to produce more goods and services using local raw materials and skills;
- ensure efficient and effective utilisation of foreign and local aid resources;
- ensure that aid negotiated with donors, except grants in kind, is included in the country's financing framework and channelled through the State Revenue Fund and the national budget;

- ensure that the Namibian Government has the financial resources to meet recurrent costs of projects and programmes initiated through external aid;
- ensure that an appropriate and suitable institutional framework for aid coordination is in place and the efficient operation of the Inter-Agency Committee on Development Co-operation and Debt Management as a permanent committee;
- participate in efforts aimed at restructuring international economic relations on principles of equity;
- strengthen economic and technical cooperation with the donors;
- tailor external resource flows to employment and income generating programmes and projects; and
- strengthen and maintain a coherent and prudent borrowing policy to ensure favourable country rating.

Since Namibia is gradually moving away from project funding to sector funding, cooperating partners are encouraged to gradually follow a sector-wide approach and to invest jointly with Government in programmes to ensure sustainability and to harmonise the various donor interests and Government's requirements. The aim of this approach is to move from funding projects on an ad hoc basis to funding sector programmes. It is expected that following a more planned approach to aid delivery will assist in harmonising the various donor procedures and in maximising the impact of external assistance.

The Namibian Government is committed to follow the strategic dialogue approach to aid co-ordination and management. This approach gives priority to dialogue on policies and strategies between donors and Namibian stakeholders. It involves setting a clear policy framework and long-term development vision expressed in national priorities, missions, objectives, strategies and indicators per sector or clusters. The strategic dialogue approach requires a system of medium-term rolling development programmes supported by budget estimates tied to sector strategies, programmes and projects. The approach, particularly on policy dialogue at sector level, should involve the relevant core Ministries and other national and international parties in Development Co-operation. In order to integrate and optimise external and internal resources, it is the intention of the Namibian Government to establish, in close collaboration with donor agencies, co-ordination committees.

It is stated Government policy that the donor community should adhere to national priorities, as expressed in numerous policies and plans, and ensure long-term predictability and transparency in aid flows. In this regard, donors should finance those high priority programmes and projects, which have been included in the Public Sector Investment Programme (PSIP) that forms an integral part of NDP2.

The Namibian Government does not have an official policy on the provision of counterpart contributions to, or the co-financing of, projects or programmes that receive external funding. Since the Namibian Government is actively committed to the development of the country in an equitable way, the issue of making counterpart or co-financing contributions is handled in most cases on a project-by-project basis.

The apparent lack of a clear standpoint by the Namibian Government on counterpart contributions must be viewed against the fact that according to the relevant chapter in

NDP2 “Namibia is not dependent on aid revenues...” and grants and soft loans account for only a small part of Government revenues. For this reason and in view of the considerable development effort of the Namibian Government using its own resources (as discussed above), development co-operation is viewed as a strategic alliance between sovereign partners to achieve a common goal, namely the equitable development of Namibia.

The Namibian Government has drafted various sectoral and cross-sectoral policies, and prepared a short- to medium-term Transitional National Development Plan (1990-1995), National Development Plans 1 and 2 (1995 to 2005) and Regional Development Plans for all 13 Regions, in addition to a long-term vision up to the year 2030 (Vision 2030). Within the frameworks of the development policies, plans and visions, the Namibian Government has initiated projects and programmes in order to achieve the agreed development objectives. However, bearing in mind Namibia’s history of inequitable development, considerable financial and human resources were required in order for the Namibian Government to actually be able to effectively redress past injustices. As a result, the Namibian Government extended an invitation to the international donor community to contribute towards Namibia’s development by co-financing its efforts.

2.5. Luxembourg Development Co-operation Policy

The fight against poverty and sustainable development constitute the major objectives of the Luxembourg co-operation policy. This policy is carried out in a spirit of partnership and participative development, and is applied always in accordance with the policy framework of the partner country.

The policy is based on the respect for the **democratic principles, human rights, the rule of law and good governance**.

In the year 2003, the Official Development Assistance (ODA) reached 0.80% of its Gross Domestic Product (GDP). The Government of Luxembourg intends to continue this **sound growth of its ODA**, aiming to reach 1% of the GDP in the coming years.

With the aim to strengthen the efficiency and the impact of its assistance, Luxembourg decided to concentrate its development co-operation effort on **a limited number of 10 countries, referred to as target-countries¹**.

The **untied character** of the Luxembourg aid is another element of Luxembourg’s co-operation policy. Thus, it contributes even more to the development of the economic activities and job creation, thereby enhancing the economic growth of the partner countries.

The main focus of the Luxembourg co-operation is on the social sectors: education, primarily health care, access to water, rural development, etc.

The projects that are implemented within these focal areas, often aim to also address poverty issues on several fronts within a framework of integrated actions.

¹Target-countries are: Namibia, Senegal, Cape Verde, Burkina Faso, Mali, Niger, Vietnam, Laos, El Salvador and Nicaragua.

The Luxembourg co-operation promotes (i) **the transfer of knowledge** and the development of human resource capacities in order to facilitate ownership of the development process by the partner country, (ii) activities with a high labour intensity in order to incorporate less advantaged people as both players and recipients within the development process; and (iii) the development of micro-finance facilities, an instrument that is essential to launch income-generating activities.

The acknowledgement of **gender equality** is another fundamental objective of the Luxembourg co-operation policy. It intends to give priority to women's education in order to enable them to take their destiny into their own hands and to encourage their participation in the political, civil, economic and cultural life in the developing countries.

Another major challenge is the sustainable development and the good management **of the environment** on a global scale.

The **coherence of policies** constitutes another fundamental dimension adopted by the Grand Duchy of Luxembourg. This guiding principle implies that the objectives of sustainable development and the fight against poverty have to be supported by all the policies adopted at the national, European and international level, irrespective of whether these policies relate to agricultural, trade, the environment or to financial matters.

In addition to the bilateral aid, implemented mainly by Lux-Development, the Luxembourg official agency for development co-operation, about 30% of the co-operation budget is reserved for multilateral co-operation. A part of this envelope is allocated, as an annual contribution to the European Development Fund (EDF), while the other part is used to support programmes of United Nations' agencies, more specifically for joint projects, often complementary to the bilateral interventions carried out in the partner countries.

Approximately 15% of the Luxembourg's ODA is used to co-finance projects identified and implemented by NGOs.

The Government of Luxembourg pays special attention to information and to the awareness-raising of the Luxembourg public opinion to the realities of the developing countries.

To cope with natural disasters and humanitarian crises, the Government of Luxembourg supports co-operation activities with international humanitarian organisations and NGOs. The budget reserved for this purpose reaches almost 10% of the ODA.

Luxembourg actively supports the developing countries, especially the least advanced among them, in order to promote regional and sub-regional integration.

Lastly, Luxembourg is committed to constantly improve the efficiency and the effectiveness of its co-operation by way of an evaluation policy.

3. GENERAL GUIDELINES OF THE ICP

The content of the ICP is the result of a dialogue between the two parties, based on previous experiences, and on the recommendations made by the country evaluation commissioned in 2003. The ICP is based on the opportunities as defined by the Namibian Government in the Second National Development Plan (2001-2006), and on the principles and strategies of the Luxembourg development co-operation. The ICP aims to reinforce and encourage the co-operation relationship between the two countries with the essential objectives: to fight against poverty and to promote sustainable development.

3.1. Guiding principles

With the aim to continue to improve the quality of aid and the achievement of the expected goals, the two parties agree to renew and to intensify the following principles in the implementation of the co-operation programmes/projects:

- to carry out a permanent dialogue between the two parties during the implementation of the ICP;
- decentralisation;
- respect of human rights;
- good governance;
- social cohesion;
- improvement and enlargement of the coordination mechanisms, in particular the search for internal and external synergies, both at bilateral and multilateral level, and local and regional;
- to take into account the sub-regional and international dynamic and synergy between national, regional and sub-regional projects;
- development and implementation of integrated actions that are aimed at covering complementary sectors through the programme approach;
- encouragement of the promotion of human resources (priority mobilisation and use of national experts and consultants);
- to integrate and strengthen the participation of women as a full partner within a perspective of balanced development between the genders;
- to preserve the natural environment;
- systematic joint evaluation of the projects with the purpose of strengthening the efficiency and the visibility of the co-operation projects/programmes between Namibia and the Grand Duchy of Luxembourg; and
- to examine the gradual transfer of financial and technical management responsibilities of the projects and programmes to the Government of Namibia and to other local partners.

3.2. Intervention modalities

The intervention modalities of Luxembourg's support to Namibia will take the following forms, either on their own or in combination:

3.2.1. Bilateral Co-operation

- direct collaboration between the Ministry of Foreign Affairs and Immigration, Directorate for Development Co-operation, on the Luxembourg side, and the National Planning Commission Secretariat, on the Namibian side;
- co-operation with the bodies, institutions and relevant associations, including at decentralised level, designated jointly by the two parties; and
- co-operation with Luxembourg, Namibian or international NGOs.

For the bilateral projects, the procedures for decision-making, monitoring and evaluation will be as follows:

- identification by the Government of Luxembourg, on the basis of requests submitted by the National Planning Commission Secretariat. This identification is done in accordance with the guidelines of the ICP. If necessary, a relevance- and feasibility study will assist the Government of Luxembourg in its decision-making process regarding certain requests;
- when a project idea is accepted by the Government of Luxembourg, it mandates the implementation agency with the formulation of the project; the implementation agency undertakes the formulation in close co-operation with the technical services designated by the Government of Namibia;
- at the end of the formulation process, a project document is compiled and submitted for approval to both Governments;
- after approval of the project document, an implementation mandate is transmitted by the Government of Luxembourg to the implementation agency, and a project protocol is signed between the two Governments;
- the implementation of the project is carried out by the implementation agency in partnership with the relevant Namibian technical services and, if necessary, in co-operation with international and/or non governmental organisations concerned; and
- monitoring and evaluation is done in collaboration between the two Governments.

3.2.2. Multilateral co-operation

- the financing of programmes carried out by international organisations, in particular by United Nations agencies;
- the co-financing of multi-lateral projects, i.e., projects and programmes carried out by international co-operation organisations active in Namibia, in particular by the United Nations agencies;
- the three-way co-operation, in particular within the framework of student grants and technical assistance; and

- provision of JPO' s or young experts, financed by Luxembourg to the benefit of international organisations active in Namibia.

3.2.3. Decentralised co-operation

The Government of Luxembourg will continue its co-operation with Luxembourg NGOs that are already, and that will be in future, active in Namibia, and it will communicate the content of the present ICP to these organisations. The stipulations of the ICP will be taken into account during the decision-making process on the projects/programmes that are submitted by NGOs for financial support.

North-South co-operation between NGOs from Luxembourg and from Namibia, as well as twinning arrangements between interest groups, business associations, communities or institutions should be encouraged and facilitated.

Co-operation at regional and local level will be encouraged, in particular through partnership actions. This form of co-operation supports a dual aim, namely support to the decentralisation process by way of targeted co-operation projects and programmes, and consolidation of the process of strengthening the local authorities in Namibia. The Government of Namibia will facilitate such decentralised actions.

3.3. Major Objectives of the ICP

3.3.1. Overall objective: the reduction of poverty

The various interventions of co-operation between Luxembourg and Namibia will concentrate on the overall objective to reduce poverty. The Second National Development Plan (2001-2006) constitutes the reference framework to achieve this goal.

3.3.2. Priority given to social sectors

Co-operation between Luxembourg and Namibia will give, within the framework of the ICP, priority to the following sectors:

- rural/urban integrated development (including agriculture and water);
- primary health care; and
- education (including vocational training)

Within the framework of the interventions, priority will be given to satisfy the needs of the most vulnerable groups, with close attention being paid to women, children, young people, and the rural population that has limited access to the basic social services.

3.3.3. Thematic and cross-cutting issues

Even if certain projects and programmes concern specific sectors, their interactions with other development sectors have to be taken into account during the design stage. Thus, for example, a project/programme in the health sector can incorporate education/training, environmental, governance or gender components. This inter-sectoral approach is already implemented in various projects/programmes of the co-operation between the Grand Duchy of Luxembourg and Namibia. It could also be strengthened by identifying synergies between development partners and their respective activities.

The two parties agree to consider, during the identification of each project/programme, the opportunity to integrate the following cross-cutting issues:

- **Gender**

During the design and the implementation of the various co-operation projects and programmes between Luxembourg and Namibia, both parties will take the gender dimension into account, and will pay particular attention to:

- equal, direct and effective participation of men and women in the design and in the implementation of the projects and programmes;
- equitable distribution between men and women of the added value (economic or social) generated by the projects/programmes; and
- equal access to the opportunities offered by the projects and programmes to women and to men, to girls and to boys.

- **Environment**

No sustainable reduction of poverty can be achieved without taking account of the need to deal with the environmental problems: desertification, pressure on the natural resources, impoverishment and deterioration of the ecosystems, demographic trends, etc.

This orientation will be reflected in:

- the promotion of adapted ecological technologies, in particular, alternative and renewable energies (solar, wind, bio gas); and
- measures aiming to protect and restore the ecosystems in the rural development sector.

- **Good governance, participative democracy and decentralisation**

Poverty does not solely manifest itself in material deprivation. In partnership with their multilateral partners and civil society, Luxembourg and Namibia will strive, through the identification and the implementation of appropriate projects and programmes, to:

- support social and cultural dynamics; and

- strengthen the information flow for, and the participation of, the most vulnerable groups within the socio-economic and political systems, and thereby support the decentralisation process.

- **Transfer of know-how**

In order to ensure the sustainability of their projects/programmes and to facilitate their ownership by Namibia, the two parties agree to pay close attention to the transfer of know-how, to training and to the development of professional and management capacities.

3.4. The co-operation programme

During the period 2004 to 2006, both Governments agree to develop the above defined priority sectors (§ 3.3.2.)

The targeted geographical areas of the Luxembourg cooperation in Namibia are located in the Northern part and comprise the regions of Kavango, Caprivi, Otjozondjupa and Omaheke. Other regions could be added in case the co-operation programme would justify it.

3.4.1. Agriculture and Rural Development

The Agricultural Sector aims at contributing to the national goals to improve the levels of food security at both households level and nationally and to create employment opportunities in order to provide a secure foundation for sustainable and equitable growth throughout the economy.

To ensure the long-term sustainability of interventions with regards to environment and socio-economic sustainability, implementation of NDP2 will be guided by, amongst others, the following principles:

- reinforce collaboration, cooperation and coordination linkages, which include stakeholder involvement and participation in the planning, implementation and monitoring processes;
- interventions (projects, programmes and schemes) will be demand-driven and as much as possible market oriented; and
- comparative advantage of production will form the basic principle upon which the promotion of any commercial agricultural enterprise rests.

The immediate objectives of the sector are to:

- enhance agricultural production at national and household level in a sustainable manner;
- raise the volume and gross value of agricultural exports and reduce the volume and value of agricultural imports where economically viable;
- promote complementary on- and off-farm livelihood opportunities; and

- maximise the potential value added within the country to national agricultural output.

3.4.2. Water

The Namibian Government, through NDP2, has committed itself to the following major objectives that are relevant to the water sector:

- provide access to water of acceptable quality for the whole population, with priority to rural areas;
- utilise, conserve and protect all water resources in an environmentally sustainable manner;
- manage and allocate the scarce water resources in an equitable and efficient manner with due consideration to the environment;
- promote institutional efficiency and financial sustainability taking into account affordability and equity for all consumers; and
- ensure that the availability of water promotes and supports gender balance, social and economic development.

Rural Water Supply is one of the sub-sectors where Government puts highest priority. The immediate Government objective soon after Independence was to provide access to safe water to the larger population, especially in the rural areas, which was neglected by the previous regime. Therefore the Government's overall objective for the sector was to increase the supply of water in a sustainable manner and also to empower communities to participate in decision making concerning their water supply.

The following are the strategies that will be followed in order for the rural water supply to meet its NDP2 objectives:

- implementing the de-centralisation policy to empower people to have ownership and responsibility to monitor, maintain, conserve and allocate water, with support from, and in collaboration with, the centralised authority;
- increasing the population coverage in rural areas by 10% from 75% to 85% with due attention to regions with low coverage;
- completing Rural Water Supply Development Plans;
- providing new rural water supply infrastructure that will be guided by Regional Rural Water Supply Development Plans that will be completed in the early stages of NDP2;
- implementing sustainable approaches for management, conservation, and utilisation of water resources in rural areas in cooperation with the Ministries responsible for agriculture and land issues; and
- establishing a Development Fund to assist Water Point Associations (WPA) with major repairs.

3.4.3. Urban Development

During the implementation period of NDP2, the Namibian Government has committed itself, mainly through the Ministry of Regional and Local Government and Housing (MRLGH), “to facilitate the establishment of an effective Regional and Local Government system, which brings Government closer to the people and which is capable of delivering services to the satisfaction of all communities”.

The main development objectives for NDP2 include:

- completion of the creation of an enabling, regulatory and legal environment in which all levels of Government can function;
- proclamation of towns and villages and the declaration of additional settlement areas in response to the need to reduce poverty and curb migration to major urban areas, to develop growth points for business development, and to create land ownership options that will facilitate access to finance;
- improvement of the delivery capacity of Regional, Local and Traditional Authorities and the creation of a greater client commitment; and
- enhancing citizen involvement and participation in Local Economic Development (LED).

For the above-mentioned objectives to be met, the Namibian Government will pursue clearly defined strategies, some of which are quoted below:

- undertaking a study to identify bottlenecks, obstacles and proposing solutions for a less complicated and more speedy process in surveying land with standards that are lower than in the Khomas region;
- setting up standards (guide-lines) for land-use planning and economic development planning;
- compiling a strategic plan for the development of each region based on completed and revised Regional Development Plans (RDP) and developing an action plan for each region to complement the NDP2 and RDPs; and
- devising a local finance policy to achieve a certain degree of self-sufficiency, redirecting development from Windhoek through a town development policy, and finalizing town-planning legislation, in order to reduce rural-urban migration.

3.4.4. Health

It is the mission of the Namibian health sector to attain a level of health and social well being by all Namibians which will enable them to lead economically and socially productive lives.

The overall objectives to be pursued during NDP2 are:

- to improve and the physical and mental health status of all Namibians; and
- to improve and maintain the social well-being, self-reliance and coping capacities of individuals, families and communities.

The Ministry of Health and Social Services (MOHSS) has adopted a decentralisation strategy to improve service provision and management by de-concentrating authority to 13 MOHSS Regional Management Teams. A total of 34 health districts have been created to co-ordinate community health services, clinics, health centres, and district hospitals. These 34 Health Districts have been supported by four Regional Health Directorates. Three intermediate/referral hospitals have been designated in Oshakati, Rundu and Katutura, while the Windhoek Central Hospital performs the role of overall national referral hospital. The referral hierarchy is based on the principle of a cost-effective referral chain so that health care provision is based on specific need rather than on factors such as historical forces or skewed incentives.

3.4.5. Education

Access to quality education is rightfully regarded by the Namibian Government as the key to sustained economic growth and improved distribution of wealth. Poverty reduction, employability, and greater equity in income distribution remain major rationale for investment in education. However, educational efforts will have to be complemented by job creation, a reduction in the population growth rate, and a reduction in environmental degradation for the objective to be achieved. The uncertainties of the impact of HIV/AIDS on teachers and on learners will have to be managed as well, possibly in cooperation with other Ministries and agencies. Addressing regional disparities has been declared a national development objective.

A decentralization plan for the MBESC was developed and submitted to the Ministry of Regional, and Local Government and Housing in February 2000. In early 2003, the seven regional education offices were reorganised as 13 offices, requiring a significant increase in financial resources. Furthermore, support of adult education programmes, which leads to a better informed and more active citizenry, has been regarded as one of the main means of democratisation in the country. Also, the school cluster system, already introduced in four education regions (six administrative regions) will be used to take decision-making closer to the end-users, and the capacity of school boards will be enhanced.

3.4.5.1. Vocational Training

At Independence, Namibia inherited a fragmented and an unequal system of vocational education and training. Since then, the main priority was to create a unified national vocational education and training system. Vocational and skills training is given high priority due to the shortage of human resources in the country.

Within the context of NDP2, the mission of the Vocational Education and Training sub-sector is to develop an integrated and comprehensive system of skill development and technical competence that is able to meet the socio-economic development needs. In order to achieve its objectives, the Ministry of Higher Education, Training and Employment Creation (MHETEC) will, during the implementation period of NDP2,

- formulate a National Vocational Education and Training (VET) Policy;
- introduce an outcome-based modular system;

- develop a relevant governance and management structure for VET;
- establish the Namibia Training Authority;
- provide greater autonomy for the Vocational Training Centres (VTC) and encourage private providers;
- provide for the development of the Namibia Skills Development Foundation activities;
- develop a National Quality Management System for VET;
- embark upon a national sensitisation campaign on VET;
- establish a Human Resource Development Programme for the VET system;
- develop a sustainable funding system;
- promote entrepreneurial training within the VET System; and
- streamline the VET legislation to meet the new challenges.

4. COMMITMENT OF BOTH GOVERNMENTS

In accordance with the Basic Co-operation Agreement and with the different Project Protocols, the Governments of Luxembourg and Namibian commit themselves to provide institutional, human and material means, as well as the financial resources necessary to implement the programmes/projects of the ICP.

5. PROGRAMMING AND MONITORING OF THE ICP

5.1. Programming

Through the present ICP, co-operation between Namibia and Luxembourg will switch from a project approach toward a programme approach. This multi-annual approach will be more strategic and will allow for better structured interventions. It will also facilitate an integrated and coherent multi-sector approach. The actions to be undertaken will essentially be financed through grants.

Programming will be done within the framework of broad sector objectives, leaving greater flexibility to the identification of the concrete actions to be implemented.

5.2. Future Co-operation

In order to enhance aid delivery, the parties have agreed to actively consider various options when implementing development co-operation projects and programmes, including:

- **Piloting Innovative Developments:** testing, piloting or demonstrating innovative developments within the target regions and sectors for the benefit of the whole of Namibia. Piloting and demonstrating innovative developments tend to have value beyond the mere monetary expenditure associated with the implementation of the initiative.

- Participation in the Namibian Planning and Budget Cycle: a more involved participation within the Namibian development planning and budget cycle should be encouraged. During the annual budget hearings, for example, the Namibian and the Luxembourg partners could agree on some form of more strengthen co-financing on a project by project basis within a development programme.
- Participating within a National Programme at Regional Level: collaborating in a national programme at the sub-national level. Since Luxembourg's assistance is directed at the regional level, the national initiative with the most evident and far-reaching bearing on the regional level is Namibia's decentralisation programme. In doing so, individual developmental initiatives will (i) form an integral part of a larger sectoral programme that will guide implementation, and (ii) be executed with a well-defined focus on strengthening regional and local structures and processes.

The parties are aware that the afore-mentioned options are not mutually exclusive. The parties recognize that by applying one or a combination of the above alternatives, the visibility and impact of Luxembourg's development co-operation relationship with Namibia could be significantly enhanced. Most importantly, these options will provide Lux-Development the opportunity to fully appreciate in true partnership the diversity and intensity of the development efforts of the Namibian Government.

The two parties have also agreed to actively, further the cordial co-operation relationship that has been developed over the past, to include areas that have so far not been considered in greater detail. Opportunities for activities that are considered include amongst others:

- revitalising and expanding the trade relationship under a "Trade for Development Programme";
- facilitate investment promotion and encourage tourism;
- develop financial co-operation through soft loans for projects that could benefit the economies of both countries;
- facilitate South-South co-operation linkages amongst Luxembourg's target countries;

It is recognised by the two parties that extending the development co-operation relationship to include a business-related dimension does offer an important support mechanism to the traditional donor-recipient relationship.

5.3. Timeframe of the ICP

The timeframe of the current ICP is three years and will continue from 2004 until 2006.

5.4. Monitoring of the ICP

The Office of the President through the National Planning Commission Secretariat, on the Namibian side, and the Ministry of Foreign Affairs and Immigration through the Directorate for Development Co-operation, on the Luxembourg side, are the responsible bodies for the monitoring of the ICP.

The implementation of the ICP will be subject to an assessment which could take place during the Partnership Commissions planned to take place every 2 years. The various participants and recipients involved in the projects/programmes should be associated to this process.

For this purpose, a summary report will be drawn up by the Namibian Government in collaboration with the Government of Luxembourg. If necessary, the two parties agree to meet at anytime, to review the realisation of the ICP, or to adopt measures that may be necessary to facilitate its sustained implementation.

In addition, projects and programmes can be subject to an internal or external evaluation.

6. FINANCIAL RESOURCES OF THE ICP

The implementation of the programme will be based on an indicative amount of **14,5 millions EUR (Fourteen millions five hundred thousand euros) over 3 years, covering the bilateral and multilateral components of development co-operation.** This budget will allow financing all the actions foreseen by the ICP. It will be engaged and spent in a balanced way during the 3 years duration of the ICP. The final amount allocated each year will take account of the status of the implementation of the ICP as well as of developments within Luxembourg's ODA state of affairs.

IN WITNESS WHEREOF the undersigned, duly authorised, have signed this Indicative Co-operation Programme in duplicate in English.

**For the Republic of
Namibia**

**For the Grand Duchy
of Luxembourg**

.....
Date and Signature

**Mr. Immanuel NGATJIZEKO
Director General:
National Planning Commission**

.....
Date and Signature

**Mr. Jean-Louis SCHILTZ
Minister for Co-operation
Development and
Humanitarian Assistance**