An Assessment of the EU's Namibia Country Strategy Paper

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This paper reviews Namibia's Country Strategy Paper and assesses how far it has responded to a previous evaluation of the EU's aid programme in the country and the new focus of overall EU development policy. It then places this CSP in the context of the overall EU country strategy process and the forthcoming mid-term review.

Introduction

The preparation of Country Strategy Papers (CSP) were one of the central features of the reform of the Commission's administration of the Community's development policy (Communication on the Reform of the Management of External Assistance 2000). A response to growing criticism and adverse evaluations, this had been accompanied by a Statement on Development Policy (2000b) attempting to clarify the objectives of EU development policy. The CSPs were to be the product of discussions with the recipient countries, the EU's Member States and other donors, and were to reflect the priorities outlined in the Statement. In particular they were to reflect the primacy being given to poverty reduction and the realisation of coordination, coherence and compatibility. In the case of the African, Caribbean and Pacific (ACP) group of developing countries the CSP were to form the basis for the National Indicative Plans (NIP) created under Lome and its successor, Cotonou.

The Cotonou Agreement clearly reflects the development objectives outlined in the Statement and the broader administrative reforms also adopted in DG RELEX as well as DG DEV. Thus we see a shift towards broader sectoral and general budgetary support and away from project aid, rolling-programming, an emphasis upon good governance, rule-of-law and human rights, and 'cross cutting' themes (including gender equality and environmental considerations). All of these objectives required a greater dialogue with the recipient governments and more sophisticated local political and economic analysis. The question to be addressed is how far these changed priorities are reflected in the formulation of the EU's CSPs.

This paper complements a previous review of the European Commission's (EC) Bolivian CSP (Dearden 2003) and provides a contrasting perspective. In the case of Bolivia the CSP drew heavily upon the World Bank sponsored Poverty Reduction Strategy Paper (PRSP). By contrast in Namibia the EC has the principal multi-national lead role and there is no such pre-existing PRSP. Namibia is also a member of the ACP group. This group benefits from special trade preferences and development assistance under the Cotonou Agreement. This Agreement is supported by separate European Development Funds, allocated to each ACP country under a National Indicative Programme (NIP). By contrast aid to Bolivia is funded through the general budget of the EU under the Asia/Latin America aid programme.

The paper begins with a brief review of Namibia's economic performance and then turns to a recent comprehensive evaluation of the EC's existing country strategy (Montes 2001). The next section outlines the subsequent 2001 CSP and assesses how far it embodies a response to the previous evaluation and the change in EU development priorities. Finally the paper places the Namibian CSP in the context of the EC's overall evaluation of its progress in implementing the CSP process and considers the issues likely to arise in the medium-term review, which is currently being undertaken.

Namibia

Namibia is a lower middle-income country ($ 1,890 per capita, 1999) which, after robust growth in the early 90's (4.9% per annum) experienced a fall to 2.8% p.a. between 1995-99 as a result of drought, depressed mineral prices, reduced fishing quotas and the closure of its largest copper mine. There is some evidence of capital flight as investment has fallen below domestic savings. Non-agricultural primary products dominate exports (e.g. diamonds 29 %, fish 24 %) with the EU providing the major market (60%). By contrast South Africa provides 85% of Namibia's imports. The country shares a common currency area with South Africa and is part of the South African Customs Union (SACU), as well as being a member of the South African Development Community and the Common Market for Eastern and Southern Africa.

Namibia is very much a dual economy, with 70% of the indigenous population employed in agriculture but with 52% of the land held by 4000 commercial farmers. According to the UNDP Human Poverty Index 23% of the population suffers from severe poverty and Namibia has the world's most skewed income distribution (0.67 Gini coefficient). Unemployment rose from 33% in 1994 to 34.5% in 1997, but inflation has fallen to 9%.

The EC's 2001 Country Strategy Paper (CSP) identifies three major areas of challenge for the Namibian government in the coming years; poverty and inequality, economic issues and governance. Poverty is concentrated in the rural areas and will require the development of a sustainable rural development strategy. The EC funded Rural Development Strategic Framework study is intended to assist in this. Land reform, both in terms of the redistribution of commercial land holdings and in terms of land rights in communal areas, will be a high priority. However the limited agricultural potential of much of Namibia will require the development of alternative income opportunities in the rural areas. Human resource development is crucial both to poverty reduction and economic growth, especially as Namibia's international competitiveness is undermined by relatively high unit labour costs. Although the government has given a high priority to education (25% of budget) with 95% of children attending school, problems remain with the quality of education and access to higher levels of education and training. Vocational training in particular remains fragmented and uncoordinated; moves towards a sector wide approach should address this problem. Primary health care, also a major contributor to the reduction of poverty, is compromised by the high incidence of AIDS, to which 20% of the health budget is currently directed.

Macroeconomic management has also begun to show weaknesses, with a budget deficit of 4.6% of GDP in 99/2000. Government debt has increased dramatically in the last few years to reach 23% of GDP. This deteriorating fiscal situation can be accounted for, to a considerable degree, by the doubling in public sector employment over last ten years, with the wage bill now accounting for 45% of total government spending. Although the tax base has been broadened through the introduction of VAT, a further comprehensive review of the overall tax system is still required; especially as customs revenues are likely to fall with trade liberalisation under the WTO and the forthcoming Economic Partnership Agreement (EPA) with the EU. Privatisation of the substantial state sector also offers opportunities for improving the fiscal situation, raising productivity and reducing public sector employment. Although the private sector is limited by the size of the domestic market, problems of low productivity and a lack of management skills need to be addressed, especially in the face of the enhanced competition likely with trade liberalisation. In 2000 the government launched a Special Industrialisation Programme to increase productivity in the manufacturing sector, and consolidated its export processing zone.

Generally Namibia has sustained a high quality of public administration in the immediate post-colonial period. Although public expenditure management is strong there is weakness in the implementation of budget guidelines, undermining the link between public expenditure and the government's strategic objectives. The government has also undertaken a programme of decentralisation, however this will require a substantial enhancement in the capacities of local administrations and currently there is the lack of an integrated action plan. More significantly the land reform programme has had a limited impact. The voluntary purchase scheme has been costly and the issue of land rights in communal areas still remain to be addressed. A national land use policy has yet to be established, although introduction of a land tax has been proposed. The government has been constrained by a lack of administrative capacity and the difficulties of coordinating the actions of the individual Ministries. This is an area where donor support may be crucial. A commitment to poverty reduction remains central to government economic policy, and is embodied in the Poverty Reduction Action Programme (2000) which calls for a clearer targeting of resources, with 40% of the national budget devoted social programmes. Again this should provide the context for donor assistance.

EC Aid

After accession to the Lomé Convention in 1991 Namibia received €50 m. under EDF 7, and €52 m. under EDF 8. EDF 8 funds were allocated to education (28%), agricultural development (28%) and tourism, trade and investment (28%). EDF 8 funding was more tightly targeted than under EDF 7, with only 10% of NIP funding outside the priority sectors, and with a reduction in the number of smaller projects. In addition the country received €40 m. under SYSMIN and €138.2 m. from the EIB for financing infrastructure projects and for funding private sector loans, especially in tourism. EC assistance accounted for two-thirds of all multilateral aid and 18% of total aid (1994-99), whilst the EU as a whole has provided 75% of all bilateral assistance and 55% of total aid, with Germany the largest donor (22% of total aid). EC aid has concentrated upon capacity building, with minimal budgetary support. Thus technical assistance accounted for 40% of NIP aid, with a further 25% covering training and operational costs of projects. Total aid to Namibia in 1998 equalled 5.8% of GNP (cf. 4.1% SSA). The relatively high levels of aid are expected to decline in the medium-term, including that from the EC, however EC assistance is likely to become relatively more important.

Country Strategy Evaluation

In 2001 the Commission published an evaluation of its Namibian country strategy over the period 1996 to 2000 (Montes 2001). This evaluation (CSE) considered the 1996 Country Strategy Paper (CSP) that was prepared for EDF 8, but also considered the assistance programme under EDF 7. EDF 8 required, for the first time, the preparation of both a CSP and an NIP and had involved considerable consultation with the local representatives of the EU's member states. The CSE assessed the programme under a number of headings; the relevance of the EC's strategy to its own objectives and those of the Namibian government; the performance of the EC's programme in terms of efficiency, effectiveness and sustainability and the programmes management.

Relevance

The 1996 CSP identified had identified two overall objectives, in keeping with the EC's stated development priorities – poverty alleviation and integration into the regional and world economy. It proposed concentrating upon three sectors: education and training; agricultural development; support for the ‘productive sectors’. However there was limited assessment of the past performance of EC funded activities or any in-depth review of the country’s situation. For example, it failed to refer to the lack of international competitiveness outside of the mining sector or to identify policies to address excessive public expenditure. However it did explicitly reflect Namibia’s approach under its national development plan. The associated NIP followed a similar format to the CSP, with little additional detail, but it did include a matrix of government commitments in support of the realisation of the sector policies, including indicators of achievement and sources of verification. Montes concluded that the 1996 CSP “preoccupation with interventions in the absence of any thematic analysis meant that the strategy was unclear as to the potential of EC assistance”.

The CSE therefore undertook its own assessment of the relevance of the focal sectors and programmes to the achievement of the overall objectives of poverty alleviation and integration into the world/regional economy. Generally it concluded that, with the exception of the €40 m. SYSMIN programme, EC assistance was relevant. However it did criticise the CSP approach as being too narrowly focused; with no assistance to the government to develop a comprehensive framework to address poverty or public administration reform and a focus upon the activities of central government, despite the importance of Community-led initiatives and a government policy of decentralisation. The narrow focus on agriculture in rural development, despite its limited potential, was reflected in the EC funded Rural Development Support Programme. Overall the CSP demonstrated a need for a further movement away from a narrow project-led approach to consideration of a broader strategy.

Performance

In three of the four focal sectors the EC programmes were regarded as successful, the exception being the ‘productive sector’. In agriculture technical assistance had been effective, although the sustainability of institution building was compromised by the difficulty of retaining staff. Unfortunately the provision of small-farm credit through the National Agricultural Credit Programme, was unsuccessful, with high debt defaults. Similar problems arose with the credit programme for small-scale mining, raising the question as to whether the EC can be effective in this area. Concern was also expressed at the design of the micro projects programme.

In the education sector the government’s clear policy and efficient implementation of the programme ensured that it was highly effective, although weak management capacities in vocational education raised questions as to the sustainability of EC initiatives. The support for the health sector, provided under EDF 7, was considered effective in a mid-term evaluation (1997). However the CSE expressed concern at the coordination difficulties arising from the involvement of multiple donors in the HIV/AIDS programme, arguing for lead management by a single EU donor.

EC involvement in the productive sector was found to be the least satisfactory. The EC had played a successful catalytic role in the revitalisation of large-scale mining, had promoted higher value-added activities, especially in gemstone cutting, contributed to the development of small-scale mining and the establishment of basic tourism institutions. However its lending operations to businesses had had a minimal impact, as had its assistance to trade and investment promotion.

The CSE also assessed the aid programme in terms of the overall global objectives of EC development policy. Four aspects were considered – governance and democratisation, poverty alleviation, gender and environment. Given the relatively high standards of Namibia's public administration governance had not been given a high priority. However this may change with the possible need to enhance the role of the NGOs in service delivery as public sector employment is reduced, and as decentralisation is pursued. Although EC aid has focused upon the poorer northern communal areas and chosen, within sector programmes, activities likely to benefit the poor, this indirect approach has presented difficulties in assessing the impact of its activities upon poverty. The CSE calls for support for the government in developing specific poverty reduction policies, a greater focus on multi-sectoral and multi-agency approaches, coordinated at the local level, and improvements in monitoring the incidence of poverty. In regard to gender, the lack of clear guidelines from Brussels at that time, resulted in little attention to this aspect in project design and monitoring. Similarly EC involvement in terms of environmental impact assessment has been limited to EC funded investment in infrastructure projects. Given Namibia's relatively strong legislative framework this would not appear to be a priority area for EC involvement.

Overall the CSE judged that the EC assistance programme to Namibia had been successful. However it did call for greater support to the government's process of policy formation, particularly its development and implementation of reforms in areas such as public finance, decentralisation, poverty alleviation, gender and environment, and for future assistance to be more tightly linked to these wider reform measures. By contrast the EC's assistance in capacity building was both high-quality and integrated into the government structure, although the CSE called for gap-filling assistance to be more explicitly recognised. Similarly infrastructure investment was found to be effective, especially as it was supported by management capacity -building. However the relative weakness of local government will constrain the delivery of public services, and differing approaches by donors in service delivery management will require coordination. By contrast the financing of small-scale credit facilities in the private sector has been ineffective and requires a new approach; with the channelling of resources through specialist independent financial institutions.

The high quality of public administration has been a crucial factor in ensuring the success of the EC assistance programme. It has allowed EC technical assistance to be fully integrated into government programmes and ensured the high degree of accountability. Capacity building has contributed significantly to the maintenance of an effective public administration and the CSE recommends the focus of international support should shift towards assisting the government in tackling difficult policy areas e.g. the reform of public administration and public finance, privatisation, land reform, strengthening civil society.

Management and Coordination

Although the EC was closely involved in supporting the preparation of the National Development Plan (NDP), and utilised this document to provide the framework for the CSP, the NDP failed to prioritise choices or offer a clear agenda for reform policies. The CSE questioned the usefulness of the NDP process and placed a greater emphasis upon the adoption of the medium-term expenditure framework to strengthen the linkages between planning and budgeting, the integration of donor assistance into the Treasury system (and inclusion in the State Revenue Fund) and the strengthening of the donor coordinating role of the National Planning Commission Secretariat.

Coordination amongst the donors was found to be informal and focused mainly on information exchange, however this was not perceived as a major constraint upon effectiveness. Such coordination was strongest amongst EU donors, with regular meetings having an important role in facilitating overall coordination, with specific sectoral programme issues handled by meetings of the donors involved. However the CSE believed that there was further scope for deepening such coordination, although progress is constrained by the extent to which aid management is delegated to country representatives and the varying programming and project planning procedures adopted by individual Member States. Generally there had been little progress towards harmonising donor administrative requirements in order to achieve better integration with the government's own financial management procedures. However the coordination between Sweden, the Netherlands and the UK in their education assistance programmes offers a good example of effective coordination.

Although project design was generally adequate there were weaknesses in particular cases - e.g. rural development support programme – and no regular systematic monitoring of project performance against the logical framework. Although all major projects under EDF 7 had been subject to evaluation, there was a need for more appropriate indicators of outcomes and impact assessments as part of a more effective general monitoring of projects and programmes.

In the absence of an IMF/World Bank programme there is a weak policy dialogue between the government and the donors, particularly in relation to macroeconomic management, and the focus of coordination is the government's own programme. Under these circumstances the EC and the EU's Member States have a higher profile in the aid relationship and the effectiveness of EC aid would be improved if it were targeted towards assisting the government in addressing the critical policy challenges – democratisation, land reform, decentralisation, public administration reform, public finance management, privatisation. Thus the EC's Delegation should undertake a comprehensive analysis of these issues, assessing their relative importance and relationship to the focus of EC assistance.

Such an approach will require the availability of a small discretionary fund to provide support to the government for key policy reforms and sufficient resources in the local Delegation to undertake this enhanced role.

Under Cotonou there has been increased emphasis upon the role of ‘non-state actors’ (NSA). In the case of Namibia, civil society is relatively underdeveloped and efficient public administration has precluded any major role for local NGOs in service delivery. The CSE recommends a review of the representative role of NSAs, the extent of their participation in the government consultation processes, and their capacity for inclusion in EC funded programmes, including issues of accountability.

Overall the CSE calls for greater flexibility in programme design and implementation; improved monitoring utilising the government’s own assessment mechanisms, joint monitoring with other donors or the appointment of independent monitors; improvements in donor coordination, with parallel/co-financing, harmonised aid procedures and reporting requirements; the deconcentration of decision-making to local Delegations and of administrative responsibility to the government and further exploration of the potential for outsourcing.

The 2001 Country Strategy Paper

The new Country Strategy Paper draws heavily upon the CSE both in its analysis and its recommendations, suggesting an effective response to the evaluation process. It also embodies many of the objectives of both the Statement on Development Policy and the Cotonou Agreement. This reflects the effectiveness of the administrative reforms in general and the role of the Inter-departmental Quality Support Group in particular.

It emphasises poverty reduction and employment creation as the primary objective of the EC programme, the programmes complementarity with that of other donors and consistency with the governments priorities under its National Development Plan, the importance of structured sector policy dialogue and joint EC and NAO (National Authorising Officer) management of the monitoring programmes and the fostering of NSAs. The CSP has increased the degree of focus of the EC programme, limiting core support to only two sectors, rural development and human resources.

Rural development is identified as the EC's principal focus, absorbing up to 60% of EDF 9 funding[1]. This builds on the success of previous programmes and the EC's leading role in the sector policy dialogue. As called for in the CSE it emphasises the importance of the diversification of economic activity in the rural areas, including the development of small and medium-sized enterprises. This approach complements the priorities of the National Poverty Reduction Action Plan (NPRAP) and the activities of other donors, including land reform. The EC will continue its support for the creation of a rural development strategic framework. It also explicitly recognises that NSAs may have an important role in this sector where government structures are weak. The associated National Indicative Plan (NIP) outlines the specific interventions – schemes to raise agricultural and livestock productivity, diversification of income, mitigating effects of HIV/AIDS, support for the decentralisation process and development of a framework of sustainable land use with land reform.

The secondary priority for the EC programme is human resource development, absorbing up to 30% of funding, with a central role assigned to the development of a sector-wide approach (SWAP). The government had already created a strategic plan (2001-6), with a Basic Education Strategic Planning Advisory Group providing effective coordination. The EC is also able to build upon the coordinated existing programmes of Sweden, the UK and

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[1] Envelope A €48m.; Envelope B (including €25m. EDF8 SYSMIN) €43m.

the Netherlands. The SWAP will consider the entire education sector, its interaction with the private sector, accessibility, effectiveness, efficiency, financial and institutional sustainability, relation to NSAs (e.g. Community Skills Development Centres), women's education and decentralisation of the education system. The major challenge for the EC will be to move from a project to a SWAP. The NIP will direct funding to the enhancement of access to and the quality of education, lifelong learning, teacher training, infrastructure, and the development of a comprehensive system of technical training.

The CSP, in keeping with the CSE recommendations, does not propose the provision of macroeconomic support. The remaining 10% of funds under the NIP are available for enhancing the government's capacity for development planning and to assist in the negotiations of the EPA and to address its consequences. The EC has a comparative advantage in trade policy support and is currently the only donor working in this area. €1m. is also allocated under the NIP to capacity enhancement of the NSAs.

Assessment

In keeping with the Statement on Development Policy the CSP clearly identifies poverty reduction as the priority in the EC's approach to its Namibian assistance programme, with an emphasis upon capacity building. It demonstrates a clear focus upon those areas where a comparative advantage has been identified and recognises the importance of transferring administrative responsibility, as far as possible, to the local public administration. Indeed the efficiency of the local public administration is explicitly recognised as the major factor contributing to the effectiveness of the EC's programme in this country.

The CSP also explicitly addresses the issues of complementarity, coherence and consistency. However, while it outlines the complexity of the number of multilateral and bilateral agencies who are involved in Namibia and the ad hoc sectoral division of labour, with the EC the lead donor in rural development, it fails to identify any EC strategy for enhancing EU Member State/EC co-operation or addresses issues such as cofinancing or administrative harmonisation. This is particularly disappointing bearing in mind the leading role which the EC may perform in the absence of IMF/World Bank involvement. But in addressing these problems the local Delegation must work within the constraint of overall EC and national procedures. Attention was certainly drawn to the best practice example of the coordination in the existing basic education assistance programme and the effectiveness of the Namibian government's own coordination framework in some sectors.

Similarly in considering the coherence of EU policy, in particular the relationship between aid and trade, the CSP can do little other than note the impact upon Namibia's beef exports, under the Cotonou Beef Protocol, of falling EU prices with CAP reform. The comments in relation to the failure to reach an agreement on an EU-Namibian fisheries agreement appear an expression of EU commercial interests rather than an analysis of this sector from a Namibian development perspective; with particular concern expressed at the requirement for joint ventures under the government's Namibianisation policy. Other than a reference to technical assistance to strengthen Namibia's negotiating capacity, no further comment addresses the EU's approach to the current WTO trade round, where Namibia is seeking improved market access for its agricultural exports, nor the implications of the EPA negotiations. Namibia's position as a member of a number of regional groupings complicates this process, with the Trade, Development and Cooperation Agreement between the EU and South Africa already affecting Namibia through its membership of the South African Customs Union

Although the Cotonou Agreement provides some guidance as to the ‘needs’ and ‘performance’ criteria which the EC will adopt in determining the level of development aid to any country, the application of these criteria to Namibia are opaque. While acknowledging the highly unequal distribution of income and with some dependence upon primary exports, Namibia has a low level of indebtedness and is a middle-income developing country. Despite concern at rising public sector deficits and an emphasis upon the need for further institutional reform, the CSP offers a generally favourable assessment of Namibia’s progress. It remains unclear what criteria have determined the overall level of assistance that will be offered under EDF 9, other than a general continuity with that offered under EDF 7/8, and how far the global EC assistance programme takes into account the reduction in funding likely from other EU Member State donors.

The CSP also demonstrated some weaknesses in addressing the ‘cross-cutting’ issues other than ‘institutional development’, although this is not unusual.[2] In terms of environmental considerations Namibia is seen as having a relatively robust legislative framework, while gender is considered in the education programme’s focus upon girls education. The general problem of implementing the gender equality objective needs to be addressed through the application of new Brussels guidelines, with the inclusion of a gender dimension in the logical framework for projects. It was also noted in the CSE that the gender specialist would be involved in the rural development study. By contrast the delegation undertook a comprehensive consultation process with the limited number of established NSAs in Namibia and intends to promulgate the eligibility criteria for EC funding, as well is allocating €1m. for capacity enhancement. In responding to the emphasis upon the role of NSAs in the Cotonou Agreement the CSP wisely recognises the importance of ensuring accountability and effectiveness, especially within the context of an existing efficient public

[2] Similar problems were found in the review of Bolivia’s CSP (Dearden 2003)

administration. The emphasis upon NSAs in the EC's general approach seems far more important in those countries where there is a degree of failure of the state.

The CSE had concluded that "the effectiveness of EC aid could be improved if it were better targeted towards assisting the government and addressing critical policy challenges". The CSP recognises this in the 10% of NIP funds available for capacity building and the reallocation of Delegation staffing to improve the policy dialogue with the government. Further improvements in resourcing may arise with the EC's programme of deconcentration. Nonetheless as the lead multilateral donor in Namibia the general analysis and programme detail provided in the CSP does appear somewhat superficial. The CSE also emphasised the importance of improving monitoring, where possible employing the government's own assessment arrangements. Although the NIP provides performance indicators for each of the EC's programmes, many of these are of a very general nature. The lack of quantitative criteria against which to judge the effectiveness of the assistance is of some concern, particularly in the case of the rural development programme, although the sources of such potential data are indicated. With the central importance assigned to the objective of reducing poverty, the principal performance indicator is the reduction in the proportion of poor or severely poor rural households by 5% by 2006. Nonetheless there is insufficient attention to the employment of poverty impact assessments in project and programme design as recommended by the CSE.

Progress Report on the Implementation of a Common Framework for CSPs

The Namibian CSP demonstrates the success of attempts by the EC to impose a degree of consistency in their formulation, while allowing the necessary degree of flexibility. Thus although the concentration of the NIP upon rural development (60%) and education (30%)

falls within those activities chosen as offering EC "comparative advantage", it diverges from the focus of many other CSPs. The EC Progress Report (SEC(2002)1279) estimated that 21% of overall aid for the period 200/02 to 2004/07 would be allocated to the social sectors, 19% to transport, 15% to institution building and 15% macroeconomic support. It is also apparent that many of the weaknesses found in this CSP are reflected in many other CSPs and have been recognised by the Commission.

The Inter-Service Quality Support Group identified inadequate analysis in many CSPs. "The link between the analysis of the political, economic and social situation/complementarity/lessons learnt and the Commission's response strategy" (EC 2002) was often weak. Addressing policy coherence was also a general problem, particularly in regard to the EU's agricultural and fisheries policy. This is recognised as presenting a substantial challenge for individual CSPs given the fragmentation of the decision-making for different EU policies. Organisationally the strongest links were provided by the "Country Teams" in Brussels, which bring together the various representatives of individual DGs, ECHO and EuropeAid. However these arrangements remain ad hoc. With deconcentration and an enhanced role for the Delegations in CSP formulation, there is the danger that the efficacy of this mechanism for ensuring a degree of coherence may be reduced. The Progress Report also questioned the underlying assumptions of the CSPs, asking whether they should regard the EU's other relevant polices as a given framework within which the CSP should be formulated, or as a "dynamic strategy process" to inform such policies.

It was also generally recognised that addressing the "cross-cutting" issues had proved problematic, as had integrating Country/Regional programming and funding through the thematic/horizontal budget lines. It was hoped that this latter problem would be addressed through a reduction in the number of EU budget lines.

A number of weaknesses were also identified by the EDF Management Committee in regard to the ACP CSPs – specifically, the depth of the poverty analysis, the refinement of the performance indicators, the criteria for the release of macroeconomic support and the involvement of non-state actors. The Progress Report acknowledges the central importance of appropriate performance indicators and that too often they are too numerous in the CSPs and non-quantitative. It is also important that they do not create an unnecessary burden upon the recipient country. The creation of relevant, robust but rigorous performance indicators raises considerable methodological problems and is being addressed in international aid forums (e.g. DAC). Indeed one of the recognised problems is the need to develop a greater degree of harmonisation across all donors, both in terms of their CSP methodology and in terms of their administrative requirements. At the moment the World Bank, the UN Development Agencies and the bilateral programmes of the EU Member States, as well as the EC, all have their own approach. In particular the Progress Report called for the streamlining of strategy documents, with the identification and employment of common building blocks, and the synchronising of the aid programming and review exercise, centred on the recipient countries own budgetary and strategy process (e.g. Country Poverty Reduction Strategy). Such an approach would require mutual consultation of all the key donors and here the EC is ideally placed to play a central coordinating role.

The Mid-Term Review

The development of satisfactory and consistent performance indicators is one of the major challenges to be faced with the commencement of the mid-term review of the CSPs and their associated NIPs. The Cotonou Agreement calls for a *locally managed* assessment of five programme elements (Annex IV,Article 5) – the results achieved in terms of identified targets in the focal and non-focal sectors, use of resources by NSAs, effectiveness of implementation of the current operations and the extension of the programming perspective for the following seven years. The Progress Report had emphasised the importance of coherence in the review process across all regions, with the mid-terms reviews offering an opportunity to update the country strategy in view of internal or external developments, adjust the CSPs to take account of new EU policy initiatives and to measure results and performance. The review is intended to take place within a 60 day time frame, both at the local level and in Brussels. At the culmination of the review the Commission will recommend any revisions in resource allocation between ACP states to the EDF Committee. EDF 9 includes an additional €1 bn. to be allocated according to these performance assessments for the period after 2004.

Although the Cotonou Agreement includes criteria for assessing both ‘needs’[3] and ‘performance’[4] these do not provide ‘operational’ performance indicators. This again emphasises the importance of the formulation of transparent, consistent and reliable assessment criteria, preferably following internationally agreed best practice. Frederiksen (2003) argues that the first generation of CSPs suggests that performance indicators should be developed jointly between donors and recipients and must be realistic and consistent with the ACP government’s own approach if they are to ensure ‘ownership’. The indicators must also focus upon outcomes and impacts not inputs. He emphasises that assessment should never be mechanical. “The need for global, comparable and quantitative indicators must be carefully balanced with qualitative, trend and country-specific measurements”.

Although the mid-term review is but one part a continuing review process, the allocation of the additional aid funds gives this exercise enhanced significance. Nonetheless it is only likely to prove incremental in the development of the CSP methodology. The Progress Report

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[3] per capita income, population, social indicators, indebtedness, export dependence.

[4] Implementation of institutional reforms, poverty alleviation, efficient use of resources, sustainable development and macroeconomic and sectoral performance

also emphasises that the review procedure "should not increase the overall administrative burden on any of the parties concerned". This may be an important consideration at a time when the EC is undertaking a process of 'deconcentration' to the country Delegations and while an internationally agreed performance assessment criteria remains some way off.

Conclusion

The Namibian CSP clearly reflects the EU's new development policy framework, with a concentration upon those sectors where the EC is seen as offering a "comparative advantage", a shift to sector-wide programmes, institution capacity building especially focused upon budgetary control and trade negotiation capacity, and an emphasise upon the cross-cutting themes. The CSP also reflects the criticisms and recommendations of the Country Strategy Evaluation, which generally offered a positive assessment of the EU aid programme to Namibia. Nonetheless a number of issues remain inadequately addressed, including donor coordination, the links to the government's programme of decentralisation, the sustaining of the high standards of public administration that had been so crucial to the success of the EU's aid programme, the problematic role of non-state actors and the creation of "ownership", the lack of poverty impact evaluation and adequacy of general evaluation. A number of these weaknesses are, as we have seen, common to a large number of CSPs and have been identified both by the Commission and the EDF Committee. The mid-term review of CSPs offers the opportunity to address these problems and should form part of the 'organisational learning' that will be central to the successful implementation of the EC's development administration reform agenda.

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