

The European Union: Relations with Namibia

*Raúl Fuentes Milani**

Introduction

The signing of the Namibian Declaration of Independence on 21 March 1990, bringing to life Namibia as a sovereign democratic state, remains a high point in history and an inspiration for many peoples in the world, regardless of nationality.

The European Union (EU) – the European Community at the time – welcomed the birth of the new country. Governmental relations were established the day after Independence, building on the moral and financial support that several EU member states such as Finland, France, Germany, Spain, Sweden and The Netherlands had provided to the South West Africa People's Organisation (SWAPO)¹ during the liberation struggle.

These relations were further consolidated by Namibia's accession to the Lomé Convention,² later succeeded by the Cotonou Agreement,³ which remains a cornerstone of EU–Namibian relations. As a result, the EU and Namibia are part of a wider EU–ACP (Africa, Caribbean, Pacific) partnership and enjoy “excellent relations”, in the words of President Hifikepunye Pohamba, which pertain to various fields such as democratic governance, human rights, trade, water and sanitation, rural economic growth, environmental protection, human resources development, science and technology.

The reinforcement of the EU's capacity to act beyond its frontiers, with the creation of the European External Action Service, represents an opportunity to upgrade EU–Namibian relations. Whether we will be able to carry these relations to their full potential will depend on our capacity to dwell in the values of democracy, freedom and prosperity, which Namibia and the EU share on the basis of mutual respect.

I have organised this presentation on EU–Namibian relations from three complementary angles: political relations, trade, and development cooperation. I have tried to focus on what the relations are today, or what *I* think they are. In this regard, let me clarify

* Ambassador Raúl Fuentes Milani is Head of the European Union Delegation to Namibia.

1 Today the ruling SWAPO Party of Namibia.

2 For further information, see Gruhn (1976:240–262) as well as an overview provided by the European Commission (2012).

3 Council Decision of 14 May 2010 on the signing, on behalf of the EU, of the Agreement amending for the second time the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States, of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000, as first amended in Luxembourg on 25 June 2005; OJ L287 of 04/11/2010, p 1.

that the lines which follow were written in my personal capacity and do not engage the institution I currently represent.

Political relations: The European External Action Service

The EU is arguably the most successful and sophisticated supranational organisation in history. Starting with the creation of the Common Market in 1957⁴ among the six founding member states, the EU has grown larger and more integrated, extending its competencies to justice and home affairs, economic and monetary policy, and foreign and security policy – to name but a few.

In 2009, the EU decided to reinforce its capacity to act beyond its frontiers by concentrating in a single person⁵ – the High Representative of the Union for Foreign Affairs and Security Policy,⁶ Baroness Ashton – the functions which had so far been exercised by the six-monthly rotating Presidency, the High Representative of the Common Foreign and Security Policy, and the Commissioner for External Relations. The EU also decided to provide the High Representative with a dedicated service, namely the European External Action Service (EEAS),⁷ of which the EU Delegations are an important element.

In practical terms, this means that EU Delegations assume the representation of the Union in third countries. Contacts with host countries on political issues – i.e. *demarches*, which were formerly carried out by a troika chaired by the member state in charge of the rotating Presidency – are now carried out by the EU Delegation. The Head of Delegation is obliged to take on the lead on reporting and presenting EU positions to its partners and the media.

In order to fulfil these tasks, the EU Delegation in Namibia was reinforced with a Political Section. This Section, together with the existing Operational Sections in charge

4 Treaty Establishing the European Economic Community, 25 March 1957, 298 UNTS.3, 4 Eur. YB 412 (*EEC Treaty* or *Treaty of Rome*).

5 Treaty of Lisbon led to the conferral of a legal persona to the EU. See Art. 47 of the Consolidated Version of the Treaty on European Union, 30 March 2010, 2010 OJ (C 83).

6 According to Art. 17 Treaty on European Union (TEU), the High Representative of the Union for Foreign Affairs and Security Policy is charged with the twofold mission to “conduct the Common Foreign and Security Policy” and “ensure the consistency of the Union’s external action”.

7 Art. 27(3) of the TEU constitutes the legal basis for the Council Decision of 26 July 2010 establishing the organisation and functioning of the EEAS (2010/427/EU, OJ L 201, 3 August 2010, pp 30–40). Pursuant to this provision, “the High Representative shall be assisted by a European External Action Service. This service shall work in cooperation with the diplomatic services of the Member States and shall comprise officials from relevant departments of the General Secretariat of the Council and of the Commission as well as staff seconded from national diplomatic services of the Member States”.

of the cooperation programme, Finance and Contracts, Administration, and a Press and Information Unit, makes the EU one of the better-staffed diplomatic missions in the country.

The creation of the EEAS is also an opportunity to ensure greater consistency and coherence for the EU's external action, since the end of the rotating Presidency abroad means that the representation of the Union is no longer subject to the changing capacities and sensitivities of the member state holding the Presidency for six-monthly periods. At the same time, it requires that the EU Delegation lends an ever more attentive ear to member states' voices. As sovereign states, EU members retain full capacity to run their bilateral affairs. The EU acts only in exercise of its competences (such as trade or the running of its development assistance programme) and in those issues where member states have agreed common positions.

Namibia is a very important partner for the EU as a reference for good governance in the southern African region. A very young country harbouring vivid memories of its liberalisation struggle, Namibia has penetrating views on the region's challenges. Namibia's positions on international affairs are respected and influential. At the same time, the Namibian Government has been successively reinforcing the foundations of the new nation by gradually putting in place the systems setting up an inclusive, democratic society with respect for human rights and the rule of law. These are principles which are also in the foundations of the EU and inspire its external action. The EU is ready to listen to Namibia and would like to dwell on these shared principles to address, jointly with Namibia, regional and global challenges – from peace and security to nuclear safety and climate change.

The key instrument in building a strong political partnership is political dialogue. As parties to the ACP–EU Partnership, which aims at preparing an interregional association between the EU and Africa, as enshrined in the Cotonou Agreement, the EU and Namibia –⁸

... shall regularly engage in a comprehensive, balanced and deep political dialogue leading to commitments on both sides.

Political dialogue is, therefore, a legal obligation. However, such dialogue also needs to be flexible: a tool to address, in a structured manner, any issue of common interest in order to contribute to peace, security and stability. Member states are associated with this dialogue, as may regional and subregional organisations and civil society be, where appropriate. Namibia and the EU regularly engage in political dialogue, including at the levels of Head of State and Prime Minister.

8 Article 8, Cotonou Agreement.

How can our political partnership work in practice?

In May 2011, together with some other 180 states, Namibia supported a United Nations (UN) Resolution which adapted the modalities for EU participation in the work of the UN General Assembly to the institutional structure of the EU established by the Treaty of Lisbon, namely the creation of the President of the European Council, the High Representative and the EEAS. This meant that, for the first time, a regional organisation had been awarded the right to speak and intervene in the work of the General Assembly alongside national states. Namibia's support of this ground-breaking move was very important to the Resolution's success.

The UN Conferences on Climate Change (Durban 2012) and Desertification (Windhoek 2013) may serve as a further example of EU–Namibian cooperation in the arena of political relations. Namibia and the EU share an interest in preserving the global environment and in fighting desertification. They also share advanced legislation and a sensitised population. But at the same time, they come from distant sides of the diplomatic spectrum in respect of addressing the issue of climate change, and suffer the challenge of desertification differently. Only through a respectful and attentive political dialogue will concurring views come to the surface and allow both Namibia and the EU to play a constructive role in such Conferences.

Trade: The Economic Partnership Agreement⁹

EU–Namibia trade amounts to roughly €2 billion, with a strong imbalance in Namibia's favour, which exports twice as much to the EU as it imports from there.¹⁰

The EU is the principal export destination for Namibian goods (32.2% of total exports, compared with 31% to South Africa). Minerals and diamonds account for around 65% of exports to the EU, followed by fish (10%), beef (6%) and grapes (5%), all of which enter the EU market at very low or zero tariffs under the Market Access Regulation. The EU awards such market access unilaterally, but the preferential terms expire on 1 October 2014.

The EU and Namibia are currently involved in the negotiation of an Economic Partnership Agreement (EPA), which constitutes a long-standing regional trade arrangement in association with seven Southern African Development Community (SADC) countries.¹¹

9 For more general information on Economic Partnership Agreements, see <http://ec.europa.eu/trade/wider-agenda/development/economic-partnerships/>, last accessed 9 November 2013.

10 For more information on trade relations with ACP countries, see <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/regions/africacaribbean-pacific/>, last accessed 9 November 2013.

11 Angola, Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland.

The negotiations have been going on for some time and, in fact, may well be approaching their successful conclusion.

In order to be compatible with World Trade Organization rules, EPAs will have to be reciprocal, meaning that both parties agree to give some degree of preferential access to their market. Taking into account SADC countries' development needs, the EU has agreed that this reciprocity will not be symmetrical in scope and time: while the EU will grant over 95% access to the European market, ACP partners are entitled to grant only limited access.¹²

An interim EPA was initialled in December 2007 by five countries¹³ of the SADC EPA group but signed by only four countries in June 2009.¹⁴ Namibia abstained on the grounds of some outstanding concerns. South Africa, on the other hand, asked to become part of the SADC EPA in 2006. The leap from an Interim EPA to a comprehensive EPA that would include South Africa was perceived as a particular challenge at the time. Firstly, South Africa is an emerging economy, not a developing one, which calls for greater ambition in the negotiation. Secondly, South Africa already benefits from a bilateral Trade and Cooperation Agreement with the EU.¹⁵

Despite these technical difficulties, the EU is engaged wholeheartedly in the negotiations for a comprehensive agreement as the best chance to set EU trade relations with the southern African region on a sound and mutually beneficial basis. In this context, Namibia remains crucial for the success of the negotiations. As an upper-middle-income country,¹⁶ Namibia cannot benefit from unrestricted access to the EU under the 'Everything but Arms' and the 'General Scheme of Preferences' provisions, which are open only to least-developed and lower-income countries. The establishment of a bilateral or multilateral legal framework to support EU preferences is paramount for securing Namibia's trade flows to the EU.

12 For more information on market access, see Council Regulation (EC) No. 1528/2007 of 20 December 2007, applying the arrangements for products originating in certain states which are part of the African, Caribbean and Pacific (ACP) Group of States provided for in agreements establishing, or leading to the establishment of, Economic Partnership Agreements; OJ L 348, 31 December 2007.

13 Botswana, Lesotho, Mozambique, Namibia and Swaziland.

14 Botswana, Lesotho, Mozambique and Swaziland; see Council Decision of 5 May 2009 on the signature and provisional application of the Interim Agreement with a view to an Economic Partnership Agreement between the European Community and its Member States, of the one part, and the SADC EPA States, of the other part; OJ L319, 4 December 2009.

15 Council Decision of 26 April 2004 concerning the conclusion of the Trade, Development and Cooperation Agreement between the European Community and its Member States, on the one part, and the Republic of South Africa, on the other part; OJ L127 of 29 April 2004.

16 According to the World Bank's main criterion for classifying economies, upper-middle-income economies are specified at US\$3,976 to US\$12,275 in gross national income per capita.

Development assistance

Until the creation of the EEAS, with its aspiration to bring our political relations to a new level, development cooperation has been the cornerstone of EU action in Namibia. Since Namibia's Independence, the EU and its member states have provided around 70% of the total development assistance received. Of this, the European Commission's share was over 30%.

Cooperation under the Cotonou Agreement

The ACP–EU Partnership Agreement is the main pillar of EU development assistance in Namibia. Under this framework, all cooperation activities are jointly decided and managed by the EU and Namibian authorities in a spirit of respect and solidarity.

The main elements of the ACP–EU Partnership Agreement are the consecutive European Development Fund (EDF)¹⁷ – a multiannual financial allocation, and the Country Strategy Paper and National Indicative Programme, which outline the cooperation strategies around selected sectors.

Immediately after Namibia's Independence, the EU mobilised an exceptional support budget¹⁸ of some 33.5 million European Currency Units (ECU), in support of 53 different projects in 1991 and 1992. Since then, Namibia has benefited from the 7th EDF (50 million ECU, plus 40 million ECU under the SYSMIN¹⁹ mechanism), the 8th EDF (52 million ECU), the 9th EDF (€97 million) and the current 10th EDF, which covers the period 2008–2013²⁰ with €105 million. A top-up of some additional €20 million was awarded in 2011 due to Namibia's excellent performance in managing its cooperation programme.

Since Independence, rural development and education have consistently received the bulk of EU assistance to Namibia. In addition, the 8th EDF incorporated tourism, trade and investment, while the 9th and 10th EDFs incorporated governance.

17 For general information on the European Development Fund, see http://ec.europa.eu/europeaid/how/finance/edf_en.htm, last accessed 9 November 2013.

18 For further information on the annual reports and accounts of the EDF budget, see http://ec.europa.eu/budget/biblio/documents/FED/fed_en.cfm, last accessed 9 November 2013.

19 A fund aimed at compensating variations of prices of mineral exports.

20 Decision No. 1/2006 of the ACP–EC council of Ministers of 2 June 2006 specifying the multiannual financial framework for the period 2008 to 2013 and modifying the revised ACP–EC Partnership Agreement (OJ L247, 9 September 2006).

An assessment of the 8th EDF strategy carried out in 2001²¹ concluded that, although the assistance programme had been successful, it could have benefited from greater support for the development of comprehensive frameworks to address poverty and public administration reform. The underlying idea was that assistance would be more efficient if it moved away from a project-led approach to consider broader strategies.

This revised approach was followed during the 9th EDF²² and, in particular, during the 10th EDF,²³ through the incorporation of sector budget support. This innovative mechanism, which is characteristic of EU development assistance, consists in channelling funds to the recipient country's treasury in support of an agreed sector strategy, concretised in several benchmarks or indicators with targets to be met within a certain time frame. Sector budget support, in the view of the European Commission, has the advantage of reinforcing the recipient country's ownership of the programme and ensures sustainability through the use of national systems and procedures.

Priority Area 1: Rural development

From the first National Indicative Programme in 1992 until today, agriculture and rural development have formed a prominent part of the cooperation between Namibia and the EU. For example, the Rural Poverty Reduction Programme (RPRP), financed from the 9th EDF (€53 million), was composed of five different components, namely –

- institutional support and capacity-building
- land reform
- rural roads
- rural water supply, and
- decentralised demand-driven actions.

Both sector budget support and traditional projects were used to implement the RPRP, some of whose achievements are the following:

- **Land reform:** The implementation of a €3.5 million grant was carried out by the Ministry of Land Reform and Resettlement. One of the direct results has been the issuing of 14,306 customary land registration certificates to people living on communal land, who now have guaranteed security of tenure.

21 Evaluation of EC Country Strategy: Namibia 1996–2000; available at http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/reports/acp/951584_en.pdf, last accessed 9 November 2013.

22 Council Regulation (EC) No. 309/2007 of 19 March 2007 amending the Financial Regulation of 27 March 2003 applicable to the 9th European Development Fund (OJ L82, 23 March 2007, pp 1–3.).

23 Council Regulation (EC) No. 617/2007 of 14 May 2007 on the implementation of the 10th European Development Fund under the ACP–EC Partnership Agreement (OJ L152, 13 June 2007, p 1).

- **Roads:** Funding was granted to the Ministry of Works and Transport to upgrade and/or build strategic rural access roads, using a labour-intensive approach, which included the construction of almost 2,000 km of gravel roads to rural communities.
- **Water supply:** During the period of financial years April 2004–March 2010, the water sector in Namibia constructed or rehabilitated a total of 1,341 water points, serving a population of 216,046 persons with increased access to safe and potable water.
- **Decentralised demand-driven actions:** These supported a wide range of small- and medium-sized projects which benefitted 164,760 people and created 4,000 jobs – two thirds of which are permanent.

The 10th EDF Country Strategy Paper and National Indicative Programme,²⁴ which covers the 2008–2013 period, originally focused on preparing a comprehensive programme for rural development using the entire budget available for this area of assistance (€45.2 million). This task proved to involve a highly complex process, necessitating collaboration from several line ministries. In the course of the Mid-term Review, the EU Delegation and the Namibian National Planning Commission agreed that the risk in not having a fundable programme ready for the 10th EDF was too high. It was then decided to award a reduced amount (€1.4 million) to support the Namibian Government in the development of a Rural Development Strategy, and to reserve the rest of the budget for a strong water and sanitation sector programme. According to this outline, the Namibian Water Supply and Sanitation Sector (NAWASA) Programme of the Ministry of Agriculture, Water and Forestry receives sector budget support of around €35 million to contribute to improved access to potable water and to appropriate sanitation for all Namibians.

Furthermore, it was decided to intensify the EU's engagement with traditional communities in communal areas by providing secure land tenure titles, infrastructure and advisory services in order to help integrate their activity with the mainstream economy.

A call for proposals in support of projects in the fields of climate change adaptation and mitigation complete our engagement with rural development under EDF10.

Priority Area 2: Human resources development

Vision 2030²⁵ calls for economic growth to be accompanied by equitable social development. These twin goals of growth with equity are to be pursued within a broader

24 Republic of Namibia–European Community, Country Strategy Paper and National Indicative Programme for the period 2008–2013; available at http://ec.europa.eu/development/icenter/repository/scanned_na_csp10_en.pdf, last accessed 9 November 2013.

25 Vision 2030 was published in 2004. A complete overview is available at http://www.npc.gov.na/vision/vision_2030bgd.htm, last accessed 9 November 2013.

strategic objective of transforming Namibia into a knowledge-based economy. However, Namibia's authorities are confronted with the fact that the equity and quality of education remain inadequate. Many learners leave school without the required foundation skills and competencies, and poor learning at primary level carries over to higher levels, making repetition (23.2% for Grade 5 in 2009) and drop-out rates (6% in Grade 7) high throughout the system.

The Namibian Government's huge investment into education and training since Independence has led to numerous changes. 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 these is the Education and Training Sector Improvement Programme (ETSIP),²⁶ which represents the sector's response to Vision 2030. This programme, led by the Ministry of Education, is the first fully-fledged sector-wide approach elaborated in Namibia that coordinates the contributions of all government offices, ministries and agencies as well as donors involved in the education sector. To achieve its objectives and deliver its expected results, ETSIP is estimated to cost about €240 million over five years.

EU support for human resources development has been one of the major areas of involvement in Namibia, even before Independence. Financial support has constantly increased, and reached €42 million under EDF10.

The EDF10 allocation of €42 million is crucial for ETSIP's viability, representing around 18% of its external funding. The allocation is provided directly to the State Revenue Fund through budget support. Results to be achieved focus specifically on activities underpinning equality of opportunity, improvement of the quality of teaching and learning, and strengthening system management towards greater efficiency and accountability.

The European Commission contribution will also help in safeguarding contributions from other development partners. It will provide a stable basis for EU member states that may consider joining the Programme at a later stage. Especially for those countries which no longer have a development office in Namibia, the joint assessments through annual sector reviews provide an excellent avenue through which to channel additional support.

Other areas of assistance under the EDF

Actions financed under other areas of the Country Strategy Paper for Namibia on the one hand aim to increase civil service efficiency in areas related to the priority sectors and,

26 ETSIP, approved by Cabinet in February 2005, is a sector-wide programme covering all education levels and phased in three cycles. The first phase spans from 2006 to 2013.

on the other, leverage non-state actors' contributions to the priority areas as well as to the governance/democratisation agenda. The contribution to improved governance will include the following:

- Provision of capacity-building to the National Planning Commission/National Authorising Office for donor harmonisation
- Support to the Office of the Prime Minister for the roll-out of the Performance Management System to prepare the ground for civil service reform
- Support to the National Assembly and the National Council for the follow-up of development programmes
- Support to the Ministry of Finance in the field of public finance management, and
- Support to civil society organisations to leverage existing expertise and resources to further the objectives of the Country Strategy Paper.

Finally, the EU supports the Ministry of Health and Social Services (through a contribution agreement with the World Health Organization of €10 million) in implementing the Ministry's Road Map on Maternal and Child Health as part of the EU's efforts to ensure progress in achieving the UN Millennium Development Goals.

Other EU–Namibia cooperation activities

The EDF alone, however, does not give a global view of the EU's development cooperation. Other sources of EU engagement with Namibia are the budget lines,²⁷ soft loans and investment capital made available by the European Investment Bank (EIB), and the EU contributions to the Global Fund to fight HIV and AIDS, tuberculosis and malaria.

A new field of cooperation that the EU is currently exploring refers to how to enhance its contribution in the case of emergencies such as the floods and drought that have affected Namibia in recent years. The EU is certainly ready to respond to the calls for emergency aid that the Namibian Government may issue, but the EU wants to go beyond short-term measures. The recurrence of the floods requires that the EU reflect on medium- and long-term measures and improve its disaster-management response capacity. In this context, the EU has mobilised its EDF B-envelope, which contains a financial reserve that allows the restoration of smaller units of infrastructure affected by floods, improves camp management, and explores the involvement of the European Emergency Office.

The future

Over two decades since the establishment of formal relations, the bond between the EU and Namibia is multi-dimensional and strong. Together, and in a spirit of mutual respect,

27 Named thus because they are financed directly from the EU budget in support, for instance, of non-state actors and human rights.

we have been able to adapt our partnership to changes in the EU, in Namibia, and in the international environment. The creation of the EEAS is an opportunity to reinforce our political relations in order to address bilateral, regional and global challenges. The accession of Namibia to the status of an upper-middle-income country – an auspicious piece of news in itself – will also have an impact on our cooperation, which may benefit from a shift to new sectors directly linked to productivity and job creation, thus ensuring the EU's contribution is a catalyst for growth.

References

- EC/European Commission. 2012. "Development and cooperation – Europeaid". Available at http://ec.europa.eu/europeaid/where/acp/overview/lome-convention/lomeitoiv_en.htm#1, last accessed 9 November 2013.
- Gruhn, I. 1976. "The Lomé Convention: Inching toward interdependence". *International Organization*, 30, 240–262.