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Implementing the Agenda of the Namibian Ministry of Environment and Tourism

A Rapid Country Environmental Analysis with a Public Expenditure Review for Aligning Policy, Institutional and Financing Priorities

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FOREWORD

Adequate allocations of resources, good policy framework and strong institutions are critical elements for sustainable environmental management. Contribution of the Ministry of Environment and Tourism (MET) in implementing the National Development Plans is critical towards the realization of Vision 2030. It is with this in mind, that the Ministry of Environment and Tourism (MET) has sanctioned investment assessment and resources allocations to the environment sector in Namibia.

With a current annual investment in the Ministry of Environment and Tourism of about N$130 million, Government gets a good return on its investment with a sectoral economy worth in excess of N$5 242 billion according to 2004 values, and growing faster than any other sector. Thus, the MET has designed its work programme outlines in the Strategic Plan for 2007/8 – 2011/12 to improve its operation. The MET organization structure and policy development are set as priority areas in the Strategic Plan.

This work consists of a Rapid Country Environmental Analysis including a Public Expenditure Review (PER). It is focused on the mandate of the Ministry of Environment and Tourism (MET). Its goal is to assist the Government of the Republic of Namibia with new analytical tools that will improve the understanding of current strengths and weaknesses and help prioritize actions related to policy, institution and financing.

The work was jointly designed by the World Bank and the Government of the Republic of Namibia and implemented by a team of expert. It includes a first-time environmental and tourism sector expenditure review. It links the argument of the economic importance of the sector with an assessment of MET's capacity to effectively and efficiently lead and manage the sector. A core part of this review, which focuses on the public funding of the environment and tourism sector, provides a comprehensive assessment of the Ministry's budget management, and a recommended range of options to address its current shortcomings and constraints. The report also includes a brief review from the Erongo region that, for the first time, assessed the funding level of a regional council and selected municipalities and their ability to carry out environmental management. The assessment highlights the experience of Walvis Bay Municipality, which is considered a best practice in the environmental management at the local authority level.

This report consists of two volumes. Volume I contain the executive summary, a concise presentation of the main findings, and a short- to medium-term action plan based on the recommendations. Volume II provides more in-depth analysis and background information. Both volumes are organized around three thematic chapters. Chapter I look at the contribution of the environment and tourism sector to the Namibian economy as well as at some key achievements and challenges. Chapter II describes the policy and legislative framework, and the institutional analysis of the environment and tourism sector. Chapter III examines the financing of the sector and some key budget management issues. And finally in Chapter IV of Volume I, a set of recommendations and short- and medium-term actions are proposed that aim to assist the Ministry in the implementation of its up-coming work programmes as well as the Strategic Plan. Chapter IV of Volume II includes the assessment of the financing of the sector at the local level using the example of the Erongo Region.

This report is a product of the dialogue between the Bank and the Government of the Republic of Namibia. From the start, the review has been a collaborative exercise among the Bank, MET, and the Ministry of Finance (MOF). Throughout the analytical and report preparation phases, there has been full participation from Government staff and other stakeholders. The MOF and the Swakopmund and Walvis Bay municipalities in the Erongo region have assisted the team by providing input and information in the preparation and during the review process.

It will be evident from the report that the Environment and Tourism sector has a highly significant economic contribution to Namibia, and is considered now to rank as the second largest contributor to Gross Domestic Product after mining.

The sector also holds considerable additional growth potential and has the strong competitive advantage of not being affected by non-renewable use of resources, and making the most of Namibian's natural assets such as our world class scenery, landscapes, rich wildlife heritage, protected areas, history and cultural diversity. However this is a sector that makes its contribution across all sectors of the economy and this contribution has traditionally been difficult to quantify.

Recommendations in this report will be critically analyzed by the Ministry to establish each circumstance with a view of finding the most appropriate strategy for the implementation of MET's Strategic Plan, the Third National Development Plan (NDP III), and the decentralization process.

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Minister of Environment and Tourism

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ABBREVIATIONS AND ACRONYMS

CBNRM	Community Based Natural Resource Management
CBO	Community-Based Organization
CBTE	Community Based Tourism Enterprises
CDM	Clean Development Mechanism
CITES	Convention on International Trade in Endangered Species
DANIDA	Danish International Development Assistance
DEA	Directorate of Environmental Affairs
DFID	Department for International Development (UK)
DIP	Decentralization Implementation Plan
DLIST	Distance Learning and Information Sharing Tool
DNA	Designated National Authority
DOT	Directorate of Tourism
DWWEM	Department of Water, Waste and Environmental Management
EIA	Environmental Impact Assessment
EIS	Environmental Information System
EIF	Environmental Investment Fund
EMA	Environmental Management Act
EMS	Environmental Management Section
ERC	Erongo Regional Council
EU	European Union
FENATA	The Federation of Namibian Tourism Associations
GDP	Growth Domestic Product
GoN	GoN
GPTF	Game Product Trust Fund
IFMS	Integrated Financial Management System
LA	Local Authority
MCA	Millennium Challenge Account
M&E	Monitoring and Evaluation
MET	Ministry of Environment and Tourism
MLR	Ministry of Lands and Resettlement
MME	Ministry of Mines and Energy

MOAWF	Ministry of Agriculture, Water and Forestry
MOF	Ministry of Finance
MRLGHRD	Ministry of Regional and Local Government, Housing and Rural Development
MTEF	Medium-Term Expenditure Framework
MTP	Medium-Term Plan
NACOMA	Namibia Coast Conservation and Management Project
NACSO	Namibian Association of CBNRM Support Organizations
NBSAP	National Biodiversity Strategy and Action Plan
NDP	National Development Plan
NDP1	National Development Plan (1995/96 – 1999/00)
NDP2	National Development Plan II (2001/02 – 2005/06)
NDP3	National Development Plan III (2007/08 – 2011/12)
NPCS	National Planning Commission Secretariat
NTB	Namibia Tourism Board
NWR	Namibia Wildlife Resorts
O&M	Operations and Maintenance
OPM	Office of the Prime Minister
PE(E)R	Public Environmental (Expenditure) Review
PEMP	Performance and Effectiveness Management Program
PRS	Poverty Reduction Strategy
RC	Regional Council
SADC	Southern African Development Community
SAIEA	Southern African Institute for Environment Assessment
SIDA	Swedish International Development Cooperation Agency
SP	Strategic Plan
STR	State Revenue Fund
SWAP	Sector Wide Approach Program
TSA	Tourism Satellite Accounts
USAID	United States Agency for International Development
WWF	World Wildlife Fund

EXECUTIVE SUMMARY

A. THERE IS A BUSINESS CASE FOR AN EFFICIENT AND SUSTAINABLE MANAGEMENT OF THE ENVIRONMENT AND TOURISM SECTOR IN NAMIBIA UNDER THE MANDATE OF THE MINISTRY OF ENVIRONMENT AND TOURISM

- *The interlinked environment and tourism sector contributes significantly to the Namibian economy...*

1. **The Namibian economy is primarily driven by the use of the country's natural resources.** The economy's core natural resource based sectors are mining (especially diamonds), fishing, agriculture, manufacturing (meat, fish, and other food processing), and tourism. Sustainable management of natural resources directly and positively affects the national and local economy as well as the local, national, and global environment. The nature-based tourism sector of Namibia is a strong example of that linkage: the tourism receipts contributed 7.8 percent to Namibia's Growth Domestic Product (GDP) 2003 and shows the sector plays an important role in national development. Namibia's tourism sector contributes one of the world's largest relative percentages to GDP, similar to other countries like South Africa, Tanzania, and Kenya. Key contributors to the sector are tourism expenditures attributable to protected areas (for example, in the form of park fees, accommodation and trips) that, conservatively estimated, account for about N$ 1–2 billion, or 3.1–6.3 percent of GDP 2004. Other contributions come from the direct use of wildlife through trade, hunting, and wildlife consumption.

2. **The sector contributes to job generation and improved livelihoods in rural areas.** The bulk of jobs generated in this sector originates from services (accommodations, restaurants, and tour safari operations) and accounted for 6.2 percent of total Namibian employment in 2004. Given that the majority of tourism establishments are in rural areas, the sector has an impact on rural employment and rural poverty. It is estimated that around 21 percent of trophy hunting income accrues to the Government and some 40 percent to low-income earners and communal land communities.

3. **Namibia's National Accounts only partially capture this contribution from the environment and tourism sector**. Some natural resources or environmental services that fall under MET's mandate are undervalued, or not valued at all, for example, environmental and economic services like conservation, and the use of wildlife in parks, conservancies, and nature-based tourism. Moreover, no one is assessing the cost of mitigating degradation, the value of resource depletion or the cost of unsustainable use of natural resources[1].

[1] In addition, there is insufficient knowledge, exchange, and use of information on other environmental services and natural resources outside MET's mandate (e.g, water, forestry, land).

- *and has seen key achievements to date…*

4. **MET has put in place several impressive programs and policies for tourism and environmental management.** Namibia has achieved noteworthy successes in terms of biodiversity conservation. It has an extensive and internationally renowned protected area network (17 percent of the country in 2007), complemented by 14.4 percent of the land covered by communal conservancies, which includes prime ecosystems, key habitats and species. The country has gained a worldwide reputation for its innovative approach of linking conservation to poverty alleviation through its policy, the legal framework for Community-Based Natural Resource Management (CBNRM) and its related interventions, which are supportive of partnerships with non-Governmental stakeholders who deliver results on the ground including supporting pro-poor tourism initiatives.

5. Moreover, MET's performance has been considered some of the best regarding the process of preparing its Performance Effectiveness Management Program (PEMP), its Medium-Term Expenditure Framework (MTEF), and its Medium-Term Plan (MTP) as well as the quality of its products delivered, which were used as models for other ministries.

- *but faces increasing challenges that will affect the sustainable development of the country if no action is taken.*

6. **The country faces a number of environmental challenges,** some related to Namibia being the driest country in Sub-Saharan Africa. The country's key environmental issues include freshwater scarcity and water degradation; land degradation and desertification; deforestation; coastal and marine degradation; unrehabilitated mines; and urban waste and water related pollution. More, Namibia is highly vulnerable to climate variability and change, with impacts related to prolonged droughts and frequent floods.

7. The sector is further exposed to a number of external factors which impact the resource base and thus the scope and scale of MET's work program: (i) the weak capacity of local, regional, and national Government in conservation and environmental management, (ii) an increase in the urban population, (iii) some increased industrial investments in parts of the country, and lastly (iv) increasing inter-sectoral challenges under a growth-oriented development agenda, related to tourism, mining, fishery, and agriculture.

8. Therefore, this report documents the need for a strategic increase of financial resources and an improved efficiency of investments in the sector to ensure its contribution to the national economy and the Vision 2030 goals.

B. THE MINISTRY FACES POLICY, INSTITUTIONAL, AND FINANCIAL CHALLENGES THAT CONSTRAIN THE EFFICIENT DELIVERY AND UP-SCALING OF ITS INTERVENTIONS IN THE ENVIRONMENT AND TOURISM SECTOR

Policy and legal framework implementation

9. While, MET succeeded in achieving several milestones under Namibia's Second National Development Plan (NDP2), the **Ministry's role as a regulator** has lagged behind expectations, in particular in the area related to **environmental management and environmental impact assessment**. Over the past years, the Ministry experienced substantial delays with advancing key legislative pieces such as the Environmental Management Act (EMA), the Pollution Control and Waste Management, and the Parks, and Wildlife Management Bills. A milestone was passing the EMA in 2007, which provides for a strong regulatory role for MET. The implementation of the EMA is now the Ministry's priority and one of its key challenges. It requires institutional changes at central and regional levels, significant capacity building at the level of the Ministry's responsible Directorate of Environmental Affairs (DEA), and highlights the need for improved and efficient cross-sectoral coordination on environmental issues within the Government.

10. Regarding tourism, **a Tourism Policy,** essential to guide the rapid growth of the sector in the country, **has been under preparation and delayed**. DEA's regulatory function has been undermined due to under-funding and understaffing. However, an important recent accomplishment is the approval of the Policy on Tourism and Wildlife Concession on State Land in 2007. The **implementation of this Concession Policy** has important resource implications and will require critical capacity building and institutional adjustment within the Ministry at national and regional levels, some of which are being supported under one of the Ministry's projects[2].

Institutional capacity and decentralization

11. **MET's institutional capacity is undermined by a limited number of qualified staff.** The Ministry staffing more than doubled in 2001 and 2002 with the takeover of 1000 additional staff, mainly employed in park management, as requested by the Government. Today, more than 40 percent of the entire Ministry staff (around 1,586) has insufficient qualifications while the professional staff accounts for only 2.5 percent of the total staff. A key challenge for the Ministry is the recruitment and retention of qualified staff because salaries paid in the private sector are more attractive.

12. In the context of the Government's **decentralization agenda,** the Ministry's task to devolve functions to regional and local authorities (under discussion are the management of parks and community-based natural resource management) constitutes an enormous challenge given the **current limited financial and institutional level of capacity within these authorities**. The assessment of the Erongo Region carried out

[2] UNDP/GEF funded SPAN project.

under this work, suggests that the ability of Regional Councils (RCs) and Municipalities to ensure environmental planning and management is constrained owing to limited funding and the absence of empowering legislation. At the level of municipalities, only the best-resourced municipalities, like Walvis Bay and Swakopmund, have the structure and financial means to start managing environmental issues and natural resources, contrary to most other municipalities. Moving forward the decentralization agenda would require additional human and financial resources, which will also compete with other priorities of the Ministry.

Funding and resource mobilization

13. There has been a recent increase in financial commitments by the Government to MET in 2006/07 and 2007/08 translating by a sharp increase of budget appropriations over the past two years, 2006/07 and 2007/08, coming to N$ 299 million or 1.7 percent of the total Namibian budget in 2007/08.
It is important to note that the budget envelope of the new MET Strategic Plan **is based on a first rough costing and has not yet been linked to the Ministry's MTEF** or available and planned external resources (including for example, funds available under the **Millennium Challenge Account (MCA),** see next paragraph). The costing of the Strategic Plan will need to be revised and strengthened significantly before any further gap analysis might be done. As is, with an **annual estimate for implementation of the SP (N$ 648.7 million) which** is currently **three times higher than the average budget appropriations** of MET's MTEF (2007/08-2009/10), it does not seem realistic.

14. **Donors'** contributions are important in funding the Ministry's program of activities but are largely **spent outside the Government's budget** and have **declined over the past years.** However, the sector should benefit in the near future from significant funds to be provided under the **MCA,** around US$ 96.9 million, for the next five years 2008-2013. These funds will complement mainly ongoing initiatives in the **tourism sector** but also include support for wildlife management and conservancies.

Financial management

15. **The Ministry's budget implementation is currently characterized by budget overruns and under-spending.** The Ministry experienced budget overruns over the past years[3] mainly generated by the two Directorates, Parks and Wildlife and Administration. This can be partially attributed to weaknesses in budget planning and a lack in fiscal discipline at the regional offices. But also, there were inadequate appropriations to cover increased expenditures due to past increases in staffing, and maintenance costs of the parks, and the development of the tourism infrastructure. While internal funding of development expenditures is small (less than 6 percent on average over the period 2001/02-2005/06), actual spending on development programs has been even below budget appropriations (on average only 83 percent), which raises questions related to the Ministry's absorption capacity and the financial sustainability of the planned tourism infrastructure investments under MCA.

[3] Average 113 percent over the years 2002/03-2005/06.

16. **As well, there is under-funding of some key functions and activities.** In particular, the DEA, responsible for standards, regulations (environmental impact assessment), and legislative and policy planning, has only a small budget (on average less than 3 percent of the overall Ministry budget). As a result, this Directorate has been severely constrained in adequately fulfilling its mandate. Further, a large share of the Ministry's budget is spent in favor of protected area management and related staffing (representing 44 percent of total spending in 2006/07); but even that is not sufficient to ensure adequate maintenance of parks infrastructure.

17. **The MET made some good progress in the preparation of its MTEF, but key challenges in budget planning and monitoring remain.** Weaknesses exist in particular in budget planning in the regional offices, in the centralized planning process, in the per-unit costing of spending items, in the financial and economic analysis of projects, and in the coordination between the recurrent and development budget and donor reporting.[4] Despite some progress over the past years in improving its Performance and Effectiveness Management Program (PEMP) related database and capitalizing on some of its indicators, the sector's monitoring and evaluation still needs improvement as the indicators are not attached directly to the programs or the budget and shortcomings exist in the data reliability.

C. Increasing MET's Efficiency and Impact in the Context of the Operationalization of the Strategic Plan Depends on Prioritization and Choice of Actions

18. The rapid analysis done for this report lead to a set of recommendations and actions that are designed to assist the Government with the up-coming operationalization of the Ministry's SP. Both the SP and its annual implementation plans will guide MET in setting priorities, aligning resources and results and thus are expected to address some of the past bottlenecks. As indicated earlier, there are issues that fall outside the mandate of MET (e.g., the macro-level budget processes and the broader natural resource management agenda dealt with by a number of Governmental agencies and organizations).

19. The recommended short- and medium-term actions fall under two main objectives; 1) to improve policy and legislative tools **to enhance METs leadership in the environment and tourism sector,** and 2) to grant the Ministry the necessary institutional, organizational, and financial and budget management tools to **strengthen its delivery and execution capacity.** The operationalization of the SP as well as of these recommendations will depend strongly on the rapid establishment of a dedicated implementation team that reports directly to the Minister and the Permanent Secretary.

[4] Some of the issues with budget planning can only be addressed by a broader Government reform agenda (e.g., the dual budget preparation on program and line item basis given that the accounting system is still on a line-item basis).

20. Among the recommended actions (see chapter IV), priority would be put on the following:

1. Improve MET's policy and legislative framework by finalizing key pieces. With the tourism sector being one of the fastest growing sectors, there is a need to rapidly provide a regulatory policy framework. It is therefore recommended that **the Tourism Policy should be finalized** and submitted to Cabinet and Parliament for approval in 2008. Regarding the sector's legislative framework, a priority for the Ministry should be the **finalization of the drafting of the Parks and Wildlife Management Bill and the Pollution Control and Waste Management Bill**. The latter constitutes a key missing building block of the sector's legislation with regard to increasingly relevant urban environmental management. Additionally, the **current policy and legislative framework does not yet cover the new environmental challenges such as climate change, urban environment, and coastal zone management**. The analysis emphasizes further the need to **move from a regulatory framework to actual implementation and compliance monitoring** which requires additional resources and capacities for delivery at central and regional/local level.

2. Reinforce MET's institutional capacity at central and regional level for short- and medium-term priorities. A key **short-term concern is to ensure compliance with the newly approved EMA and the Tourism Concession Policy**, in particular, for reviewing and endorsing environmental impact assessments and concessions. The first issue will require establishing local level representation of the DEA and additional central level structures. Another institutional short-term priority is **the strengthening of inter-ministerial, and inter-institutional coordination** including with non-Governmental, private sector stakeholders, and development partners **for enhanced planning and delivery.** The effective implementation of the Ministry's SP will need the active participation of development partners as well as other sector related line ministries by means of establishing and maintaining a regular dialogue with forums. This will provide an opportunity to better coordinate activities and will allow the increased contribution of other sector ministries to the financing and implementation of priority actions, which offer strong synergies (e.g., coastal zone management, environmental impact assessment, community-based natural resource management, tourism, etc.). In addition, growing private sector activities in wildlife management and use and increasing overall mining and tourism activities **will require a more regular review** with **adjustment of the roles and responsibilities of the private and public sector,** which can then become part of the broader sector dialogue and forum. (The Ministry's recently approved and draft policies and legislation demonstrate an encouraging trend towards its shift from regulation and control to facilitation, extension support, and compliance monitoring, while the private sector takes on a more responsible self regulatory role, which is necessary to cost-effectively address existing and future sector challenges.) All these efforts combined could further result in opportunities to embark on a Sector Wide Approach Program (SWAP). Over the **medium-term,**

the Ministry is expected to foster its agenda for decentralization by **finalizing and launching the yet pending decentralization implementation plan**. Further strengthening the capacity of the RCs and Local Authorities (LAs) to enhance local environmental and tourism service delivery should complement the latter effort. In that context, the documentation and dissemination of the good practices of the local level environmental management of the Walvis Bay Municipality should be encouraged.

3. Improve financial and budget management of the Ministry. MET's MTEF (2007/08) shows a return to the trend of the Ministry's funding after special budgetary allocations in 2006 and 2007. The question of options for funding Ministry activities in the context of the SP therefore becomes very pointed. MCA funds related to tourism will have significant financial implications regarding the future operations and maintenance of the tourism investment program through adequate domestic resources. While the MCA will address some of the investment needs of the tourism sector, it is important to note that it does not deal with the institutional and capacity issues of the ministry and seems to be disconnected from the activities planned under the Strategic Plan. **Hence, in the short term, a key priority should constitute the preparation of an annual implementation plan** that derives from the Strategic Plan. This plan would include a list of prioritized activities that are attached with a budget, linked to the current and planned domestic and external resources (including the MCA) and embedded in MET's MTEF 2008/09. This, in turn, would allow the Ministry to identify the sector's financing gap for the fiscal year 2008/09. It would be also important to establish realistic and measurable benchmarks for each of the activities. **It can be assumed that the annual implementation plan will still result in a (more realistic) funding gap. To mobilize more funds, MET can increase its revenues, focus on efficiency gains and strengthen its budget management as well as ensure resources are allocated according to MET's priorities and responsibilities**:

a) Increase efficient collection of revenues. A periodic review and revision of Namibia's environmental and tourism pricing system is recommended over the short and medium term. This offers an option to strengthen its revenue collection, notably for fees related to the concession, environmental certificates, wildlife utilization and park entry fees.

b) Strengthen budget efficiency. Efficiency gains can be made in the short terms by strengthening fiscal discipline and enforcing more rigorous reporting duties at the regional offices and at central level. There is a need to strengthen the budgeting capacity of regional offices in order to allow for adequate financial data analysis and better information sharing between regional and central level. Additional measures should focus on the involvement of the regional offices in the discussions of the budget committee, the transmission of budget ceilings to the regional offices prior to their budget planning and the dissemination of the appropriated budget ceilings. In the medium term, the establishment of a planning and monitoring unit as well as improvements of the Ministry of Environment and Tourism's aid management would reinforce the Ministry's strategic budget planning and execution performance. Lastly, there is also a need to strengthen the PEMP indicators by linking them to MET's budget and programs

c) Reinforce budget planning. It would be important for MET to strengthen its budget planning in order to better identify its needs and to defend well its funding position at MOF and the development partners. Some of the key measures in the short term constitute: (i) strengthening the budgeting capacity of the Parks and Wildlife Directorate, (ii) continue reinforcing MET's budget programming and (ii) improving the preparation of the recurrent and development budget (e.g. by introducing a budget costing model).

d) Increase support for the Ministry's key but under-funded functions. The implementation of the SP constitutes an opportunity for the Ministry to reallocate some of its resources; particular attention should be given to DEA, the Directorate of Tourism (DOT) and the CBNRM sub-division.

21. Finally, the **review identified the scope for further analytical work and advisory services** for GoN such as (i) revising the costing of MET's SP, (ii) developing MET's annual implementation and monitoring plan, (iii) providing detailed fiscal and human resource assessment of the Ministry's regional offices, (iv) assessing MET's parastatals (the Namibia Tourism Board (NTB) and the Namibia Wildlife Resorts (NWR)) and importantly, (v) conducting **a similar exercise in the other natural resource management** sectors (including forestry, fishery, water resources, land, etc.) which all contribute to the national economy.

I. The Case For a More Efficient and Sustainable Environment and Natural Resource Management in Namibia

1.1 Contribution of the environment and tourism sector to the Namibian economy

22. **The Namibian economy is primarily driven by the extraction and export of the country's renewable and non-renewable natural resources.** The economy's core natural resource based sectors are mining (especially diamond mining), fishing, agriculture, manufacturing (meat, fish and other food processing), and tourism. Namibia's economy is vulnerable to high variances in output from year to year in several important economic sectors such as fishing and mining. Using agriculture, fishing, mining, and tourism as proxies, **natural resources provide the basis of about 20 percent of the Namibian economy (Table I.1 below).**

Table I.1: Namibia's economic sector contributions to GDP in 2006

Economic Sector	As % of GDP
Other services	19.9
Government	18.6
Manufacturing	12.6
Wholesale and Retail Trade	11.6
Transport and Telecommunication	7.3
Mining	8.3
Agriculture	5.7
Fishing	4.2
Construction	3.9
Financial Services	3.5
Electricity and Water	2.8
Hotels and Restaurants	1.6
Total	**100**
Memo	
GDP in 2006 (Nominal values)	N$ 44,467million
GDP in 2006 (Nominal values)	US$ 6.9 billion
GDP per capita at market exchange rates (2005)	US$ 3,553

Source: Bank of Namibia (2007), NPC (2005), Irwin, Jacobs, & Greene (2007)

23. **Namibia's National Accounts only partially capture the contribution of the environment and tourism sector.** While the contribution of natural resources, in terms of agriculture, fisheries and mining is in general well documented in Namibia's national economic accounting framework, for other natural resources that fall under the jurisdiction of MET, this is not the case. Some natural resources or environmental services that fall under MET's mandate are not valued (e.g., services provided by

ecosystems, wildlife in parks, conservancies and landscapes including for non-consumptive tourism landscapes), the value of nature tourism is not broken out, and the value of depletion of natural resources is not measured. Furthermore, the proxies that are used in conventional national economic accounting (i.e. such as hotels and restaurants for tourism) for the tourism sector do not capture benefits that accrue to other tertiary sectors or activities in the informal sector.

24. **According to the World Tourism Organization (WTO), the environment and tourism sector contributes significantly to Namibia's economy,** and tourism receipts, as shown in table I.2 below, contribute 7.8 percent to Namibia's GDP. As such, the sector not only positions itself as an important contributor to the Namibian economy, but also it takes the lead in contribution of international tourism receipts to GDP. Key contributors to the sector are tourism expenditures attributable to protected areas (for example, in form of park fees, accommodations, and safari trips that conservatively estimated, account for about N$ 1-2 billion, or 3.1 percent to 6.3 percent of GDP.[5] Other contributions from the direct use of natural resources relate to trade (e.g, trade of meat, animals and trade of plants, etc.), hunting fees, and wildlife consumption.

Table I.2: Tourism receipts, selected countries, 2003

	International tourism receipts $m	**Percent of GDP**
Namibia	333	7.8%
Ghana	414	5.4%
Botswana	356	4.8%
Tanzania	450	4.4%
Zambia	149	3.5%
Senegal	184	2.9%
South Africa	4270	2.7%
Kenya	339	2.4%
Mozambique	98	2.3%
Madagascar	76	1.4%

Source: World Tourism Organization (2005)

25. **The sector also contributes to job generation and improved livelihoods in rural areas.** According to a 2004 study conducted by NTB, it was estimated that 24,150 people were directly employed in travel and tourism, which comes to 6.2 percent of total Namibian employment in the same year. The bulk of the jobs generated in this sector originate from accommodations, restaurants, and tour safari operations. Since tourism touches all sectors of the economy (transport, financial services, communication, and retail), its real impact is even greater. Given that the majority of tourism establishments are in rural areas, the sector has an impact on rural employment and rural poverty. An example of the sector's contribution to poverty reduction, supported by available research data, is trophy hunting. It is estimated that around 21 percent of trophy hunting income accrues to Government and some 40 percent to low-income earners and communal land

[5] Turpie, J., Lange, G.M., Martin, R., Davies, R., and Barnes, J., Economic Values and Financing of Namibia's Protected Areas, 2004.

communities. Another example is the communal area conservancy of Puros, which has a population of 260, including children, and 35 adults are employed in the tourism industry and 23 by the conservancy in tourism-related activities.

1.2 Key Achievements in the Environment and Tourism Sector

26. **MET has established a progressive framework of environmental policies and laws since the country's independence in the beginning of the 1990s.** The sector has more than 50 environment relevant policies with many addressing specific environmental and wildlife management related issues. A range of policy and legislative reforms has also encouraged the creation of innovative collaborative partnerships with other ministries, NGOs, CBOs, and donors agencies working through CBNRM and the Country Pilot Partnerships for Sustainable Land Management, both spearheaded by MET. Additionally, the Ministry of Agriculture, Water and Forestry manages both the Community Based Management of Rural Water Supply and the Community Forestry Program.

27. **Namibia has achieved important successes in terms of biodiversity conservation.** Namibia has an extensive and internationally renowned protected area network (covering 17 percent of the country in 2007). Furthermore, Namibia's communal and freehold conservancies have added substantially to the network of conservation areas in Namibia, covering approximately 19 percent of Namibia's land. This indicates that more than one third of Namibia land surface (36 percent) is under some form of conservation management.[6]

28. Twenty-one of Namibia's 29 vegetation types have at least 10 percent of their area within this protected area network. No species have become extinct in Namibia in recent years and there are signs that rare and endangered species are either holding their own, or increasing in number and expanding back into areas where they had previously disappeared.[7] Moreover, the northwest communal areas of Namibia have seen increases in antelope, and they have the world's only increasing free-ranging population of black rhinos. Likewise, Namibia has a healthy and growing elephant population with few incidents of poaching, despite many of these animals living outside protected areas. Wildlife on freehold land has also increased over the past decade, supporting a quality wildlife-based tourism and trophy-hunting product.

29. **Namibia has also gained a worldwide reputation for its innovative approach to linking conservation and poverty alleviation** through its communal area conservancy program and pro-poor tourism initiatives. Conservancies on communal land are areas in which rural communities gain rights to use, manage, and benefit from the consumptive and non-consumptive use of wildlife within defined boundaries. The

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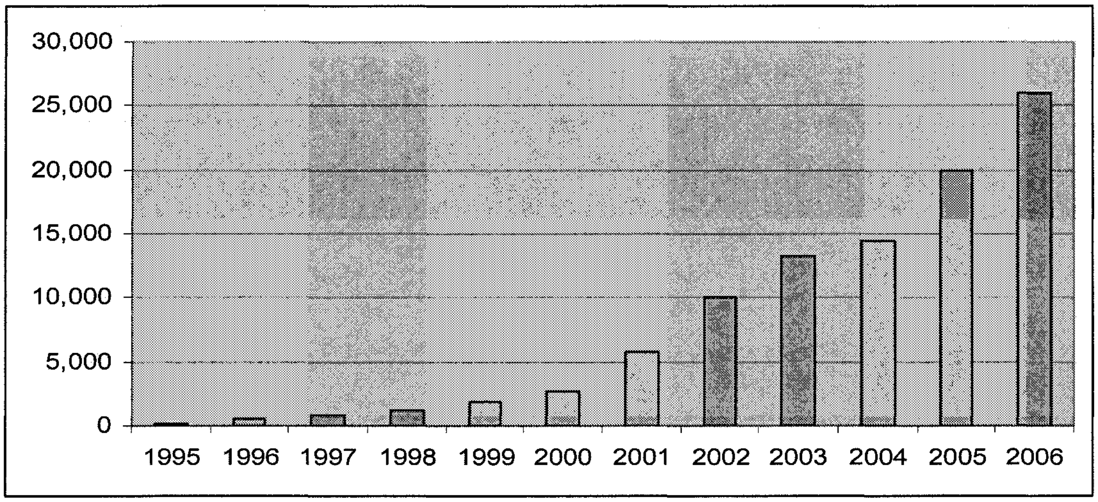
[6] The communal conservancies covered 14.4 percent of Namibia, while 16.5 percent of Namibia's surface area is within national parks and game reserves (inclusive of the Sperrgebiet National Park). Lastly, around 6 percent of Namibia is managed by freehold conservancies and a further 1.3 percent is under concessions and community forest management. (Source: Namibia's communal conservancies, a review of progress in 2006)

[7] Ministry of Environment and Tourism, Strategic Plan 2007/08-2011/12, November 2007.

success of the program can be attributed in particular to dynamic policy adjustments that have devolved those rights of wildlife and tourism to communities in remote rural areas, where poverty is rife. CBNRM aims to strengthen the conservancy system on communal lands and the other community-based resources, by unlocking the economic potential of wildlife and tourism in communal areas and creating incentives to manage wildlife and other natural resources sustainably. The program thus promotes empowerment, capacity, and skills at the local level. It contributed to a recovery of Namibia's wildlife populations outside national parks even while poaching was being reduced throughout Namibia. By the end of 2006, there were 50 registered conservancies covering 118,704 km^2. About 220,620 people live within the conservancies. Total income to community conservancies and CBNRM activities accounted for N$ 26 million in 2006 (Figure I.1 below). In addition, private sector partners generated a turnover of almost N$70 million. The net national income generated by these activities is estimated to exceed N$ 140 million.

Figure I.1: Income to community conservancies and CBNRM activities (N$[1] 000)



Source: Namibia's communal conservancies, a review of progress and challenges in 2006

[1)] The figure includes income from three categories: cash payments to conservancies, non-cash or in-kind incomes to conservancies, and incomes to CBNRM activities outside conservancies.

30. The conservation successes have unlocked enormous tourism development opportunities. In fact, much of the conservancies income growth over the past years has coincided with the parallel growth of the tourism industry; the most lucrative income source in communal conservancies stems from joint venture agreements for tourism and wildlife utilization. Community-based tourism has witnessed an increase in the number of visitors staying in community-based lodges and campsites, from 30,000 in 1999 to over 90,000 in 2004.

1.3 Environmental Management Challenges

31. **Over the past decade, the environmental demands on the sector have increased and become more complex[8].** The country faces a number of environmental challenges, one is being the driest country in Sub-Saharan Africa and thus exposed to water scarcity, increasing land degradation, and desertification These are often accelerated by inadequate or lack of environmental management at the central and local Government levels. Namibia's protected park network and its coastline and marine environment are two key examples that have been adversely affected by this. The key resource-based related challenges are summarized in the table I.3. below:

Table I.3: Environmental challenges in Namibia and Governmental agencies

Resource base	Environmental Challenge	Responsible Governmental Lead Agenc(y/ies)
Water	Freshwater scarcity, depletion, and degradation. Limited rainfall threatens water availability although demand exceeds supply already (increasing trend). In addition, increasing pollution of ground and surface water reduces available clean water.	**MAWF** **MET**
Land (Agricultural Production)	Unsustainable land uses leading to land degradation and desertification. Land degradation (soil erosion, bush encroachment and soil salination) in Namibia due to overgrazing, land clearing for crop farming or inappropriate cultivation techniques but also due to incorrect policies, incentives and regulations and lack of land tenure, inequitable access to land and lack of an integrated planning. It causes economic loss and escalating poverty and a loss of food security. This leads to human migration, rapid urbanization and increased need for the Government to import food.	**MAWF** **MLR** **MET**
Forestry	Increasing deforestation and unsustainable use of wood and woodland resources. Unsustainable deforestation has occurred in many parts of the country and is most severe in those areas that have highest population density (north-central, north-eastern and outskirts of Namibia's rapidly expanding urban areas). Results are increased rainfall run-off and soil erosion, declining soil fertility, changes in the local water cycle and loss of biodiversity as well as contribution to global warming.	**MAWF** **MET**
Wildlife (Sustainable Tourism)	Human-Wildlife conflicts are increasing in communal areas and require adequate procedures and instruments to support CBNRM program objectives. Need for equitable access and benefit-sharing mechanism supported by MET's regulatory	**MET**

[8] See volume II, annex to chapter I for summary table of environmental challenges.

	framework.	
Coastal and Marine Resources	Unsustainable use of coastal and marine resources and absence of integrated planning, management, and monitoring schemes.	**MFMR** **MET**
Minerals	Lack of regulatory framework until recently (passing of EMA) and weak institutional capacity at MET to ensure compliance at central and regional level. Unrehabilitated mines, mostly in protected areas. A century of mining with little or no planning to reduce environmental damage has impacted heavily upon large areas in Namibia especially in the Namib Desert. There are approximately 40 abandoned, unrehabilitated mines in Namibia, of which 40 % are in nature reserves.	**MME** **MET** **MFMR**
Biodiversity	Increasing pressure on protected areas from other land and resource uses. Need to recognize wildlife-based tourism (CBNRM) as valid land-use option that can replace other direct land-uses like agriculture in certain areas. Until recently, there has been a lack of benefit sharing schemes with neighboring communities. The new Concession Policy addresses the issue to some extent. Continued support for implementation of National Biodiversity Strategy and Action Plan (NBSAP) including addressing biosafety, bioprospecting, and biotrade issues. Further need to address national park management including strengthening linkages to local, regional and national planning and management system.	**MET** **MAWF** **MME**
Urban Environment	Increasing challenges related to waste and water management and pollution in urban centers.	**LA** **MET**
Climate Change	Namibia's vulnerability to climate change impacts has been demonstrated over the past years by prolonged drought and frequent floods, increasing temperatures, reduced rainfall, and a reduction in the agricultural sector's productivity (crops and livestock). In the future, if no effective mitigation measures are taken by national and international stakeholders the scenario includes: increased coastal flooding: reduced productivity in fisheries due to the warming of the Benguela current; infrastructure destruction by floods; limited water availability; and an expectation of absolute water scarcity by 2020.	**MET** **MAWF** **MFMR**

32. **Additional external factors contributing to the demands on the sector are comprised** of: (i) weak capacity of local and national Government in conservation and environmental management; (ii) the increase of urban population over the past years that requires MET to address sustainable urban development issues in combination with rural development concerns;[9] and (iii) the scaling up of the volume and the diversity of industrial investments in some parts of the country, which in the past few years have often put the fragile systems and key resources under pressure. This requires MET to

[9] Available statistics indicate that by 1981 only 11 percent of the population lived in urban centers while this had risen to almost 40 percent by 2000.

significantly step up its involvement, in particular in terms of policy and institutional coordination, and in environment impact assessment work.

33. Despite the fact that MET was successful in achieving important milestones over the past 10 years, the Ministry's performance is increasingly affected by a number of factors related to some pending legislation and policies, inefficient human resource management, weak communication and coordination among directorates, regions and other ministries, and shortcoming in its budget management. In response to the management and conservation challenges of the sector and the issues affecting the Ministry's ability to fulfill its mandate, MET formulated its first SP (2007/08-20011/12). In order to assist the Ministry in the implementation of its SP, the following two chapters discuss more in-depth the challenges the Ministry faces related to the sector's policy and legislative framework and its institutional and budget management capacity. The last chapter proposes a set of recommendations.

II. The Sector's Policy, Legislative Frameworks and Institutional Analysis

2.1 The Policy and Legislative Framework of the Environment and Tourism Sector

34. **Namibia's Constitution, Vision 2030**, the aligned 5-year **National Development Plans (NDPs),** and the recently finalized 5-year **MET SP** provide the broader policy framework for MET's actions within the tourism and environment sector. In addition, the Governmental "Civic Organisations Partnership Policy (NPC 2005)" enhances partnership opportunities that benefit civil society, non-Governmental organizations, and the Government.[10]

2.1.1 Main findings related to the Policy Framework

35. **National Development Plans (NDPs)**: In general, planning and implementation of NDP1 and NDP2 by the line ministries (including MET) had been mostly sectoral, rather than integrated. With regard to MET's NDP2 agenda (2001/02-2005/06), some progress was made during the five year implementation period regarding the targets for the environment and natural resource sector.[11] Not reaching goals can partly be attributed to Parliament's delay enacting some of the sector's key legislations, or over ambitious planning lacking a detailed institutional assessment. Also absent were a SP and sectorally defined priorities with aligned institutional and funding capacities. NDP3 has been prepared taking a sectoral but cross-ministry approach and that ensured involvement by all 13 regional Governments in establishing regional priorities to integrate into sectoral themes. Nonetheless, most implementation of the NDPs has been sectoral rather than integrated.

36. As part of its mandate, **MET is responsible for inter-sectoral policy-making**, coordination of activities, and the integration of environmental policies and strategies by line ministries, but it has been hampered in fulfilling this function in the past. Environment and natural resource management are crosscutting issues involving several line ministries (for example, the Ministry of Agriculture, Water and Forestry, Ministry of Mines and Energy, Ministry of Fisheries and Marine Resources, etc.). MET's DEA is responsible for ensuring the inter-sectoral coordination and national development planning and implementation processes of goals are set within the natural resource sector under NDP3. However, MET's coordination functions have been hampered because of a shortage of suitably experienced and qualified personnel to fill positions in the DEA and the pending enactment of the Environmental Management Bill. **Drafting policy** (and legislation) has been at the forefront of general Governmental actions in the past, but more recently–processing and approval has moved rather slowly and been inconsistent in staying aligned with the line ministry's sectoral mandates. This is in particularly true for

[10] See Namibia CEA/PER Volume II for a more detailed description of the sector's policies.
[11] See Namibia CEA/PER Volume II (Appendix 1, table A).

MET which prioritized policies (and legislation) with income generating potential like wildlife management, tourism, and gambling as opposed to other environmental areas such as urban environment or waste management, which was probably due to unbalanced donor support for the green issues.[12] More delays with some ground-making policies such as the concession policy and tourism policy (the first was finally approved in 2007), have hampered finalizing related draft policies like the Human-Wildlife Conflict, the Parks and Neighbors Policy, and delayed advancing an integrated CBNRM Policy which fosters MET's dialogue with other related sector ministries. The delays can be attributed to five factors: (i) lack of capacity with drafting and processing policies within MET; (ii) lack of overall strategic planning within MET and thus creating an absence of prioritization and timing; (iii) lack of clear policy development, approval, and implementation and related monitoring processes and procedures; (iv) changes at the highest senior management level; and (v) inefficient intersectoral consultation and coordination with other line ministries.

37. **Government has recognized the increasing value of the tourism sector as well as the importance of the sector's linkages to the long-term sustainable management of Namibia's fragile natural resource base.** This is reflected in its political commitment inscribed in NDP2.[13] Some important milestones were achieved under NDP2, such as the establishment of NTB by MET in April 2001 and the preparation of the Tourism Satellite Account in 2006; however, DOT faced several constraints in terms of resources and staffing (see section 2.2), impeding the achievement of several of the NDP2 targets.[14]

38. **Despite Government's commitment to the tourism sector, the policy framework that would guide the rapid growth of tourism has been delayed for almost 10 years and as a result it has severely undermined the Tourism Directorate's regulatory function.** This delay is owing to staff shortages and shortcomings in the capacity of the Tourism Directorate, senior management changes at MET, and uneven technical assistance from donors. The policy will require MET to work closely with public agencies, such as NTB, and the tourism industry. One important new institution that would emerge from the policy is the establishment of the *National Tourism Council* that will act as an umbrella body and help to develop the Namibian tourism sector through cooperation, coordination, and communication.

39. **Nevertheless, an important recent accomplishment has been the approval of the Policy on Tourism and Wildlife Concession on State Land[15].** The policy focuses on concessions in proclaimed protected areas and any other State land such as communal

[12] A similar situation occurs for the Ministry of Agriculture, Water and Forestry (MOAWF) with its Water Resource Management Act, which was approved in 2004 but is still lacking implementation and enforcement.
[13] The goal manifested in NDP2 for the tourism sector was to develop the tourism industry in a sustainable, equitable, and responsible manner while contributing significantly to the economic development of Namibia and the quality of life of all her people. In Namibia's long-term Vision 2030, tourism is depicted as the country's sector of greatest promise, and it is stated with confidence that tourism "has more potential as a sustainable industry than any other form of economic development in Namibia."
[14] See Namibia CEA/PER Volume II (Appendix 1, table B).
[15] State land here means "*land inside and outside of protected areas that belongs to the State and it includes national parks, game parks, recreational areas, communal land, conservancies and community forests*".

conservancies, concerning natural resources under the jurisdiction of the Minister. The purpose of the policy is to articulate a policy and regulatory framework for MET's awarding and managing four types of concessions (tourism, plant harvesting, trophy hunting, and wildlife), which will enhance objectivity and transparency to the process. It is complementing the legislative framework based on the Nature Conservation Amendment Act (1996) and the Forest Act (2001), both authorizing the Minister to grant concessions but lacked, until now, formalized standards and procedures. The Policy sets out a standard and a robust procedural framework for awarding and managing concessions, indicates what supporting documents and procedures are required to initiate, and implements an approval of the concession process while ensuring efficient compliance monitoring. The concession policy, for the first time, explicitly targets the empowerment of local communities by enabling the Minister to award concessions directly to a community that meets certain conditions like having a representative legal body, and without having to go through a public tender. Provision for implementing this policy will accordingly be made in the Parks and Wildlife Management Bill. An important additional objective of the policy is to obtain support from other line offices, ministries, and agencies. Since the development, management, administration, and particularly the monitoring of concessions have significant cost implications for the Ministry, and one of the goals is to generate revenue for the State through concessions as a means of recovering costs.

40. As a first step, MET recruited an advising Tourism Concession Specialist, who will be part of the proposed concession unit. The Policy is closely linked to the still pending Policy on Parks and Resident Neighbors.

2.1.2 Main findings related to the Legislative Framework

41. **A milestone achievement has been the recent passing of the EMA.** The EMA is the main vehicle for ensuring that policies of sectoral ministries are consistent with the environmental constraints and principles of sustainable development. The recent passage of this Act has major implications for MET, particularly about the scale and scope of Environmental Impact Assessment (EIA) activities. Due to the 10-year delay in passing this bill, the Ministry's role as a regulator, in particular in the area of environmental management, has lacked behind expectations. The recent passage of the EMA should enable MET to play a stronger regulatory role in this area. Delays in preparing the EMA must be sought in the weak institutional capacity of the Ministry but also in the fact that it will empower MET and have far-reaching consequences on economic activities to be undertaken by the private sector and line Ministries and as such took longer to be agreed upon by all stakeholders.

42. **Further bills are required to enhance the Ministry's effectiveness to promote the sustainable utilization of natural resources; however, the process in developing and adopting important sector bills is long, mainly because there are no established procedures and processes.** Other important sector regulation bills are the Parks and

Wildlife Management Bill[16] as well as the Pollution Control and Waste Management Bill, but these are still at an advanced stage of preparation. Delays with the Parks and Wildlife Management Bill occurred mainly due to alignment with other emerging policies such as the Human-Wildlife-Conflict Policy, the Parks and Neighbors Policy and the Concession Policies. **The absence of approval of these bills and draft policies over the past years is seen as the main obstacle to enforcement of current regulations and laws, and the promotion of harmonized and sustainable utilization of natural resources.**

43. **There are a number of Acts that do not fall within the jurisdiction of MET but that have direct relevance to sustainable environmental management.** These include the Water Act (yet to be signed off), Inland Fisheries Bill, and the Forestry Act, as well as bills from the Ministry of Mines and Energy and the Communal Land Reform Act. While these bills have a sectoral focus, they generally recognize that sectors cannot work in isolation, that they need to promote sustainable practices and diversified land-use options and that institutional partnerships are essential.

2.1.3 Challenges related to the Policy and Legislative Framework

44. **An ongoing challenge for the environment and the Natural Resource Management sector is the conflict between the policies and legislation of the different sectors.**[17] As in many countries, there is a lack of an overall framework that integrates sectoral policies with respect to addressing natural resources, the environment, and its natural variability. However, a key feature of Namibia's development approach based on participation, devolution of responsibilities, or community empowerment is included in many sectoral policies and a national policy on partnerships with civic organizations has been issued by NPC in 2005.

45. **The Tourism Directorate continues to be challenged moving the tourism policy forward.** The tourism policy has been at the final stage of approval at MET for the past twelve months. However, the Directorate faces severe staffing shortages as most of the senior management has left and not yet been replaced. This raises questions regarding the Directorate's ability to move the tourism policy forward (planned to start in 2008), and be implemented effectively and efficiently.

46. **The implementation of the EMA will have resource implications for MET and increase the need for cross-sectoral coordination on environmental issues within Government.** The Act calls for the appointment of an Environmental Commissioner with broad powers with regard to environmental clearances and assessment of EIAs. The Permanent Secretary of MET is required to appoint ministry officials to support the work of the Commissioner.

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[16] The passage of the Parks and Wildlife Bill Act will enable MET to proclaim areas that are currently in an indeterminate state, including the coastal dune belt between Swakopmund and Walvis Bay, and the Walvis Bay Nature Park. The Pollution and Waste Management Bill provides for sustainable environmental management of urban development issues such as water and waste management.

[17] Namibia's environmental sector 1990-2007: progress and challenges Activity of the Enviro PRE (Participatory Review and Evaluation) September 2007.

47. On coordination, all ministries are required to prepare *environment plans* for their operations, to be sent to the Commissioner, who in turn recommends approval of the plans by the Minister; annual reports on the implementation of these plans are sent to the Minister. On clearances and EIAs, the proponents of listed projects under the Act, which include most major infrastructure, heavy industry, land use planning, and natural resource development projects, are required to apply to the Commissioner for a clearance to proceed with the project; the Commissioner determines whether an EIA is necessary, consults with other organs of state or interested or affected persons as appropriate, reviews any EIA submitted for acceptance or rejection, and grants the application and assesses a fee for the clearance certificate. Project proponents may include other ministries of Government in the case of public investment programs. **A key challenge for the Ministry will be its rapid readiness for the implementation of the EMA. Donor assistance for this key area has been earmarked.**

48. **The implementation of the concession policy will also have resource implications for MET and require capacity building.** The development, management, administration, and particularly the monitoring of concessions will have significant cost implications for the Ministry. The new concession policy requests MET to set up a Concessions Unit within the Ministry and to develop management plans. These plans will prepare the basis for defining concessions, and specifying areas that would be excluded from concessions. The policy emphasizes that the generation of revenues for the State through concessions should be used to recover the cost, and in this case, MET needs to consult with MOF to ensure that the Ministry or other involved entities will not be left with additional management and monitoring costs concerning concessions, without a commensurate increase in its financial resources. It is also suggested to establish a fund for supporting concession-based enterprise development in consultation with the MOF in case MET's resource envelope is inadequate.

49. **Implementation of MET's policies on community-based management of wildlife and tourism remains under-resourced in terms of funding and personnel.** The elevation of CBNRM to a major component of MET's SP should lead to a re-assessment of the role of MET in CBNRM and help generate the resources it requires to fulfill its mandate of supporting conservancies and monitoring their compliance with legislation. This is particularly important if CBNRM is to reduce its reliance on donor funding.

2.2 Institutional Analysis

2.2.1 Main findings related to the Institutional Analysis

MET's SP

50. **The Ministry recently finalized its first SP (2007/08-2011/12) that will be the Ministry's implementation plan of NDP3 (2007/08-2011/12).** It is designed to allow MET to effectively manage the demanding task of supporting economic growth (in particular through tourism, while at the same time regulating its own and other sector's managed activities (environment). The Plan aims to refocus the Ministry's programs and to re-examine the Ministry's institutional and financial arrangements in order to increase the sector's contributions to rural development, economic growth, environmental management, and conservation. The SP is centered around nine themes and 135 activities (so called "initiatives") that are related to the respective themes that establish the legislative, institutional, and financial setting needed for the Ministry to strengthen its role as a regulator and to enable it to scale up its programs.

51. The process of developing MET's SP and its final result has been qualified by the OPM as a best practice and model for other line ministries.

MET's organizational structure

52. **MET is responsible for policy development, planning, environmental regulations and enforcement.**

Box II.1: MET's mandate

MET's mandate includes the following objectives:

(i) to expand, develop, manage, and control the country's conservation areas and conserve the natural environment in Namibia;
(ii) to protect biological diversity and life support systems, in partnership with other ministries, organizations and individuals;
(iii) to apply appropriate environmental, social, and economic assessment procedures to development proposals, plans, and projects;
(iv) to develop, coordinate, and promote tourism on a sustainable basis, both within preclaimed conservation areas and in the country as a whole, in partnership with other organizations;
(v) to control standards on environmental pollution;
(vi) to conduct and promote environmental education, extension, and awareness programs, in partnership with other ministries and organizations;
(vii) to conduct and promote research, do monitoring and evaluations, and coordinate these activities; and
(viii) to develop, apply and evaluate environmental policies, plans and legislation.

53. The implementation of its mandate is translated into five strategic areas and four crosscutting programs identified in the Ministry's SP. It links the Ministry's mandate and respective Directorates to the objectives inscribed in the SP and the NDP3 as well as the actual achievements and current gaps. The Ministry consists of the usual top structure of

Minister, Deputy Minister, Permanent Secretary, and Deputy Permanent Secretary. Its comprised of a Department of Natural Resource Management and the Directorates that are responsible for Parks and Wildlife Management, Tourism, Environmental Affairs, Scientific Services, and Administration and Support Services.

54. **The function of managing and operating tourism establishments within proclaimed parks has been outsourced on a commercial basis to the Government-owned company NWR[18], while tourism promotion and quality assurance is handled by the parastatal NTB.** As a joint venture between the Government and the private sector, the prime objective of NTB is to effectively market the tourism industry and to promote the development of environmentally sustainable tourism. It also deals with the registration and regulation of accommodation establishments.

Institutional issues

55. **MET's institutional capacity is constrained by its limited qualified staff.** The Ministry's staffing temporarily more than doubled in 2001 and 2002 with the takeover of 1000 additional staff as requested by the Government. This inflated significantly MET's budget in terms of salaries but was not adequately supported by increases in goods and services (for example per diem, camping allowances, uniforms, etc.).

56. In addition, more than 40 percent of the entire MET staff (representing around 1,586 in 2007) has few qualifications while the professional staff accounts for only 2.5 percent of total MET staff. At the same time, MET has a large number of vacancies, amounting to almost 24 percent of the total staff component of the Ministry, mostly for low priority posts (55 percent) but also for high priority positions (15 percent). **Overall, the Ministry faces difficulties in recruiting and keeping well-qualified staff,** as salaries paid in the private sector are more attractive for qualified employees. This challenge is particularly important within the DEA.

57. **An assessment of MET's Directorates revealed issues affecting most Directorates related to qualified staffing, resources, and coordination[19]:**

First, taking into account MET's core functions of policy and planning carried out by the DEA, inefficiencies seem to exist in the allocation of resources and staffing allocated to the DEA that are significantly smaller compared to the Directorate of Scientific Services. Due to insufficient qualified staff, DEA's ability to review EIA submissions, to undertake

[18] The NWR Company began operations in April 1999 with the main purpose to provide a corporationthat manages all commercial aspects relating to marketing, operations, and product improvement of the Government-owned tourism resorts. However, since its inception NWR has been faced with internal problems (related to insufficient capitalization, the Board of Directors, senior management, the lack of trained staff, etc.)[18] As a result, the Government has been subsidizing the company over the past years. To rectify the situation Government adopted a turn around strategy (based on lease and performance agreements between MET and NWR) that is currently rolled out, appointed a new MD, and retrenched most senior management. It also made a substantial financial commitment of a two year N$120 million loan guarantee to upgrade tourism facilities, especially in Etosha, to international standards.

[19] The constraints faced by the Directorate of Parks and Wildlife owing to the lack of additional expenditures to adequately cover recurrent salary and non-salary expenditures and the implications are discussed in chapter IV.

site inspections, and to issue compliance certificates is a severe constraint.[20] Technical capacities are missing in several disciplines that are commonly related to urbanization, including waste and wastewater management, pollution control, climate change adaptation and mitigation, economic modelling, and environmental monitoring. In addition, many of the tasks related to drafting NDP3 had to be outsourced to a local consultancy company, as the DEA did not have in-house capacity.

Second: the lack of capacity at DOT, responsible for policy formulation, tourism development and planning, and facilitation, is considered an inherent weakness in supporting a sustainable tourism industry and conservation objectives. One of the key sub-divisions, Community Based Tourism, is not staffed. Also, until recently, there has been no specialized expertise in MET regarding tourism partnerships (an advising Tourism Concession Specialist was recruited in late 2007).[21]

Third, the understaffing of the Maintenance unit, attached under the Directorate of Administration and Support Services constrains the Directorate to conduct regularly, timely, and cost-effective maintenance.

Fourth, synergies among the Directorates have not been sufficiently explored. The management of the CBNRM program (managed by the Directorate of Parks and Wildlife (DOPW)) and the CBTE Program (managed by DOT), both concerned with decentralized resource management, are not yet aligned to achieve synergies in terms of resource sharing at the program design and implementation levels. The CBNRM program has not yet been mainstreamed (from a technical, institutional, and financial point of view) at central and regional levels.

Fifth, there is a general lack of access to management information and utilization of the information by MET's management. This is mainly because the Ministry does not have a management information system or a monitoring and knowledge management system and lacks a planning unit. The lack of a consensus on data needs and data management arrangements amongst Directorate of Environmental Affairs, Directorate of Scientific Services, Directorate of Parks and Wildlife Management, Directorate of Tourism, and high senior management further exacerbates the situation. A system is needed that tracks MET's progress towards achieving the different goals and at the same time monitors resource consumption (budget funds). A central multi-level database should contain the annual work plan for senior and lower management review and up-date, and be linked to the MOF's IFMS and incorporate the PEMP data.

[20] If the in-house capacity is not sufficient, appraisals are outsourced (at the expense of the applicant, until recently on a voluntary basis in line with the Environmental Assessment Policy of 1995).

[21] This means that the Ministry has to develop the capacity to assess proposed partnerships between the private sector, local communities, and financial institutions based on a clear understanding of best practice yardsticks. This capacity deficit also inhibits the ability of MET to develop informed transparent guidelines regarding, for example, lease duration, remuneration levels, and affirmative action obligations to be incorporated in the contractual relations governing tourism partnerships.

Administrative deconcentration of services

58. **MET has deconcentrated some administrative services to the regions, though its effectiveness on the ground is nevertheless weak.** The Ministry has 72 regional offices based in the 13 MET geographical regions. At present, most of MET's regional offices are staffed only by MET's Parks and Wildlife Directorate. Little capacity exists at the regional offices to monitor and enforce environmental standards and regulations since most of these tasks are still managed at the central level. **The main responsibility for national parks in the region has been shifted from the region to centrally located Windhoek.** Only the handling of problem animals is delegated to the regional offices. Regulation and enforcement carried out by the offices have been undermined due to the intervention of other politicians (for example regarding the provision of permits by the regional offices).[22] Adequate support from head office is often not provided in such cases. **Evidence suggests (i) that no clear, known and accepted procedures are in place to regulate activities on state land, (ii) little capacity exists within the region to handle trespassers, and (iii) political interference exists in the granting of permission to host events on state land.**

Current decentralization status

59. **MET is one of the line ministries tasked by the Cabinet to prepare the decentralization of some of its functions.**[23] Conservation (including, for example forestry and parks development and management) was among the key public sector functions identified by the National Assembly to be decentralized to RCs as part of Government's decentralization strategy.[24] MET set up a taskforce in 2005 that is charged to guide the decentralization of MET functions. However, the taskforce's work plan has been slowed down and even put on hold for the last two years, as the ministry does not have sufficient staff and resources to allocate to the preparation of the decentralization implementation plan (DIP) but also due to political decisions. Following guidance from MRLGHRD, a DIP usually is prepared based on a SP to indicate the necessary institutional restructuring. Achievements and main challenges of this decentralization process are summarized in Box II.2.

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[22] This was the case at a recent international quad bike championship that was granted by the governor and held on state land in the vicinity of Walvis Bay, despite the objection of the regional office to grant permission.
[23] Volume II includes a description of Namibia's decentralization process.
[24] Following the slow progress in delegating functions to the regions across most Ministries (with the exception of the Ministry of Agriculture, Water and Forestry, the Ministry of Education and the Ministry of Works, Transport and Communication), the Government has acknowledged that the magnitude and complexity of the implementation process has been underestimated and that line ministries and sub-national Governments need substantial capacity building in conceptualizing, implementing, and monitoring the decentralization implementation process.

Box II.2: Namibia's decentralization process - Achievements and Challenges ahead

Positive results over the past year have included:

(i) clarification of the development and planning mandates of RCs and inclusion of those critical functions in the Regional Development Plans;

(ii) revision of the Regional Council Organization Structure to accommodate functions to be decentralized;

(iii) major recruitment of RC's management and planning officers, and

(iv) preparation of two bilateral donor funded decentralization support projects (French and Finnish).

Challenges in the decentralization process include:

(v) line Ministries' action plans pertaining to the decentralized functions of the relevant Ministries still have to be developed and implemented (e.g. MET);

(vi) delegation of functional and administrative responsibilities to Regional Councils needs to take place;

(vii) substantial process support and technical assistance to line ministries during the process of drawing up their decentralisation action plans and during the implementation process;

(viii) substantial process support and technical assistance to support regional councils and local authorities preparing themselves for the implementation of the reform as well as during the implementation process per se (this involves building up of their management capacity in terms of financial and human resources management, strategic and operational planning, and implementation of new integrated planning-, budgeting and reporting procedures);

(ix) continuing to sensitise ministries, government agencies, regional councils, local authorities, traditional authorities and the public at large about the policy and to involve the stakeholders actively in the implementation process;

(x) addressing general anxiety, uncertainty and some resistance amongst line ministerial staff at all levels.

Source: World Bank, Namibia Coast Conservation and Management Project, PAD, 2005; MRLGHRD Draft 10th decentralisation anniversary booklet

A case study of decentralization: the Erongo region

60. The Erongo Case study showed that the Erongo Region Council's ability and priority-setting to ensure environmental protection and planning with the framework of regional development is constrained due to limited funding, the absence of empowering legislation, limited involvement by MET's regional and national staff and delays in devolving some of its functions to the sub-national level. This is reflected in the RC's administrative structure, its planning, law enforcement, and sector coordination and its financial basis: (i) the Erongo Regional Council is charged with the regional planning but no adequate attention is given to environmental planning; (ii) the ERC's enforcement capacity is also largely limited by the fact that empowering legislation is either not in place or aimed at strengthening the mandate of line Ministries; (iii) nonetheless the ERC

consults with the MET regional office on environmental issues such as coastal management, provision of general advice on regional development issues (e.g. EIAs for mining and exploration), and advice on ecologically sensitive areas; and (iv) lastly, the region faces two major problems in implementing fiscal decentralization, one is that the generation of local revenues by the ERC is small, covering only one fifth of its budget; and two that the ERC is still largely dependent on central transfers. However, the Erongo region still remains a place where local/regional best practices have been developed and implemented in terms of decentralization. Box II.3 below highlights the institutional frameworks set up by the municipalities of Walvis Bay and Swakopmund.

Box II.3: Results of the field study for Walvis Bay and Swakopmund

Only the best resourced Municipalities, like Walvis Bay and Swakopmund, have the structure and financial means to start managing environmental issues and natural resources, contrary to the majority of all other Municipalities. The Municipality of Walvis Bay (together with Windhoek) is the only municipality that established and maintains an environment section. In most other municipalities, the environment is managed through the health divisions. The main challenge for the Municipalities in monitoring environmental impact and enforcement is the lack of relevant empowering legislations as well as the lack of land ownership.

The Municipality of Walvis Bay constitutes a best practice example with the Municipality succeeding in establishing environmental management structures within the Municipality. Established under the auspices of the Walvis Bay Local Agenda 21 project, key building blocks are the establishment of an Environmental Management Section, the development of an integrated environmental policy, and setting-up an environmental fund.

The Swakopmund Municipality is comprised of an Environmental Health Department, which is responsible for the promotion of public health and the monitoring of the environmental impact on health as well as the provision of solid waste management services. The Department leads an Environmental Committee, attended by representative of MET, the Ministry of Fisheries, and the Hospitality Association of Namibia and is charged with the monitoring and control of all environmental impact that adversely affects public health and which also has a consultative function.

Environmental assessment

61. **Environmental assessments are conducted but oversight from the DEA is relatively weak.** A large majority of EIAs in Namibia have been carried out for projects. A smaller number have been done after a project's implementation, while very few Strategic Environmental Assessments (SEAs) have been done.[25] Around 79 full project EIAs have been conducted between 1991 and 2001 with the majority carried out with regard to mining and infrastructure development. Only three EIAs have been conducted for Namibia's fast growing tourism industry. Based on the example of the mining sector, the cost of EIAs (as a percent of the total project cost) has ranged between 5.2–0.01

[25] SAIEA, 2003.

percent.[26] The quality of environment assessments appears to vary as a number of local consultants undertake environmental assessments but have different levels of qualifications and expertise.[27]

2.2.2 Challenges related to the Institutional Analysis

62. **The implementation of the SP will probably constitute a major challenge when held against the current implementation capacity and magnitude of required funds.** As mentioned above, the SP is comprised of 135 activities that have not been prioritized. MET recently costed the SP. The total annual budget requirement is roughly estimated at N$ 648.7 million (US$ 92 million). This costing is based on very first estimates and it is almost three times higher when compared to the current average budget appropriations of MET's MTEF (2007/08-2009/10) amounting to N$243 million. Overall the numerous activities as well as the large resource envelope suggests that there is a clear need for prioritization of activities and improved costing to translate the plan into a realistic work program for MET and align with available funding. The planned scaling up of MET's programs under the implementation of the SP will, however, also require much more effort to strengthen the Ministry's institutional capacity (e.g., hiring of skilled staff, having more efficient human resource management, etc.). **The lack of qualified staffing is a severe constraint for MET's service delivery (notably the DEA) but depends on negotiations with OPM and MOF.**

63. **In the context of Government's decentralization agenda service, the Ministry's task to devolve functions (such as the management of parks) constitutes an enormous challenge given the current weak capacity at the level of the local authorities.** In addition, moving forward MET's decentralization agenda would require additional human and financial resources and thus, this competes with other priorities of the Ministry. A further challenge for MET will be to decentralize the tasks uniformly to all regions as these areas have different requirements (e.g., high tourism potential of some regions versus the undeveloped potential of others).

64. **A main challenge regarding the implementation of the EMA will be to mainstream the concept of environmental assessment.** This mainstreaming, as a mechanism to guide development, must be pursued at the Government and private sector level. This process requires the support by the DEA that will have to monitor environmental management plans from a wide range and scale of economic activities and enforce regulations. This will also require additional regional presence of the DEA to facilitate the process; however, its current effectiveness through its regional offices is weak. At the same time, it would be important to develop capacities of local environmental assessment practitioners to further support the process. Overall, significant capacity building will have to be carried out to ensure the DEA can fulfill its new responsibilities.

[26] Tarr, 1999 and SAIEA, 2003.
[27] Namibia's environmental sector 1990-2007: progress and challenges Activity of the Enviro Participatory Review and Evaluation, September 2007.

65. **MET is often guided in its tasks by a bias towards rural areas and communities, though environmental needs related to increased urban development demand MET to also address sustainable urban development issues.** One of the strategic themes inscribed in the SP is dedicated specifically to "rural development" while issues related to urbanization are not mentioned. This can be partially attributed to the DEA's inadequate technical capacity on urban related issues.

66. **Barriers on private sector investment in the Namibia tourism sector needs to be addressed but are beyond MET's mandate.** One of the key factors hampering private sector investment is the insecurity around land tenure in Namibia's communal areas that makes access to loans difficult and thus inhibits tourism development.[28] There are also a number of bureaucratic hurdles that make tourism investment time consuming and burdensome. MET, through its Tourism Directorate, aims to develop the tourism potential in previously neglected areas. To improve the investment environment for the private sector, the Ministry's role is limited to advocating for a concerted effort by all involved public agencies and ministries.

[28] A major constraint that manifests itself currently relates to the reluctance of Namibian financial institutions to lend towards communal tourism investments. There are mainly three sets of constraints to the financing of tourism investments in the communal areas. First, the ability of a financial institution or lender to intervene to take cession over title deed or even to replace the lodge operator/owner in case of non-repayment of a loan is unclear. This situation hampers the lenders ability to appoint interim management in replacement of the borrower to ensure continued servicing of the loan. In the absence of such rights, financial institutions/lenders perceive themselves to have a high risk on financing tourism investments in the communal areas. Second, the financial institutions/lenders banks will aim to reduce exposure on the loans for tourism investments in communal areas by raising the security/collateral requirements. Unfortunately for emerging conservancies, such requirements may be prohibitive. And third, tourism entities normally reach break-even after 3-4 years, as it takes long to reach break-even occupancy rates. This places a heavy burden on cash flows during the early years of operation. As a result, conservancies need a longer grace period before servicing their loans. Namibian Financial institutions/lenders normally provide grace periods of more than 6 months. The recently established Development Bank of Namibia, however, does provide project finance with longer grace period (up to 24 months) and a longer maturity (up to 10 years).

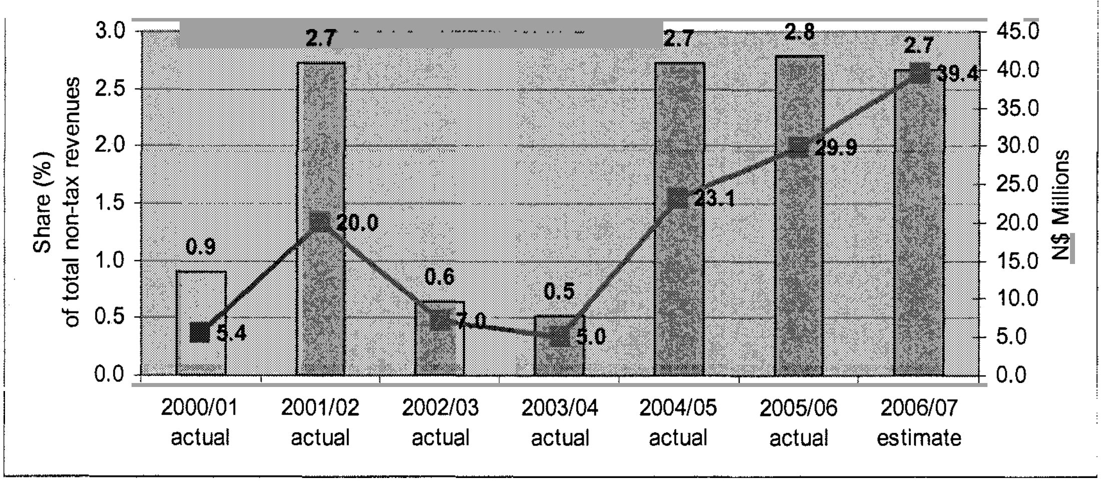
III. Financing of the Environment and Tourism sector

3.1 Fiscal Assessment of the Environment and Tourism Sector

3.1.1 Main findings related to the Fiscal Assessment

67. **The sectors' contributions to non-tax revenues have increased significantly over the past three years (Figure III.1 below).** The sector's non-tax revenues have increased by almost 300 percent from N$ 5.4 million in 2000/01 to N$ 29.9 million in 2005/06, thus representing 2.8 percent of Government's planned non-tax revenues in the same year. This substantial increase in revenues can be mainly attributed to MET's takeover of the collection of park entrance fees from Namibia Wildlife Resorts (NWR) in 2004 and increases in fee tariffs in 2005/06. The overall contribution from the sectors to Government's revenues is higher but not known since the amount of the tourism and environment sectors' contribution to Government's tax revenues is not specifically identified in the budget or not included.

Figure III.1: Contributions of the environment and tourism sector to non-tax revenues 2002/03–2006/07 (% and N$ million)

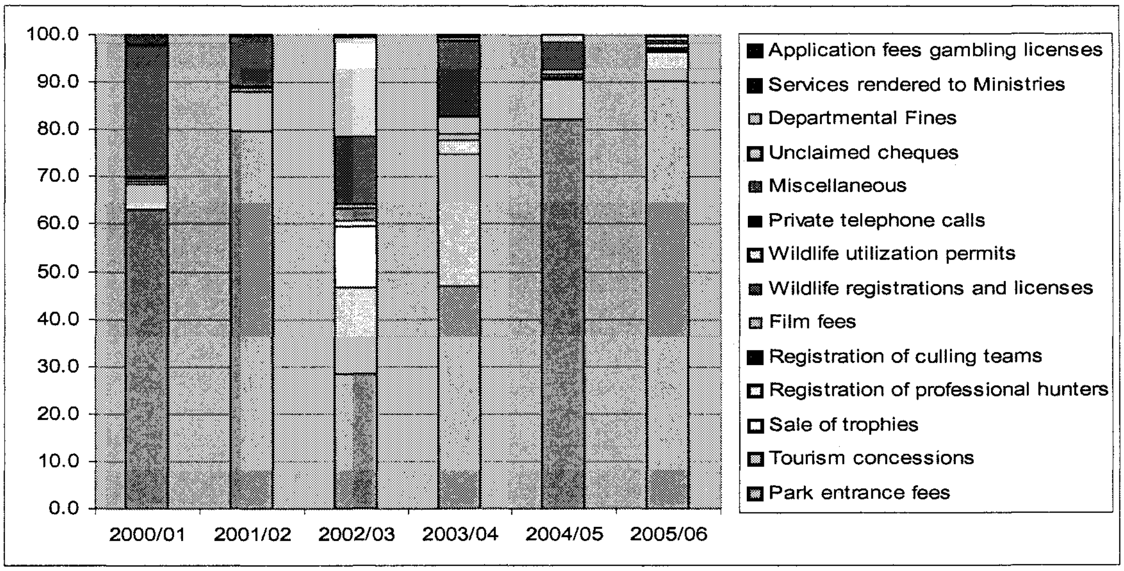


Source: MOF

68. **Despite a range of non-tax revenue sources, a large share of revenues comes only from one source, the park entrance fees.** Figure III.2 shows that the bulk of the revenues stem from park entrance fees (90 percent) and tourism concessions (6.2 percent) in 2005/06.[29] Owing to the NWR's failure to transfer revenues to MOF (NWR was initially responsible for the collections of entrance fees), MET took over the collection of park entrance fees from the NWR since April 2004 and succeeded to improve the collection and more importantly the transfer to MOF over the following years.

[29] Other revenues sources of MET contribute considerably less (around 3 percent) to total MET non-tax revenues in 2005/06. These include film fees, wildlife registrations and licenses, wildlife utilization permits, unclaimed checks, departmental fines, application fees for gambling licenses and miscellaneous.

Figure III.2: Composition of total MET non tax-revenues 2001/02-2005/06 (as a share of total revenues)



Source: MOF

69. **Despite important increases in the collection of park entrance fees, the capacity of MET to effectively collect revenues is constrained by a number of factors.** First, revenue collection is limited due to leakages[30] which occurred at the local stations. Second, weak capacity of the staff to manage revenue (low qualification in accounting or financial management, low salaries, as well as the absence of a computerized system) has resulted in the delays of transferring information and there are shortcomings in data reliability. Third, estimation of revenues are in general based on past trends, however, MET faces sometimes difficulties in estimating revenues or in the case of the Game Product Trust Fund (GPTF), does not have a revenue planning system in place. Unpredictable natural events such as drought or flooding affecting the flow of tourism make realistic planning at times difficult. The absences of revenue forecasts undermine effective planning of expenditures and result in an ad hoc management of expenditures.

70. **While most of the collected revenues are transferred to the State Revenue Fund (around 70 percent), some can be retained by MET.** These include the export levy, hunting concessions, and revenues derived from the proceeds of game product sales. Since 2005, the Ministry can retain 25 percent of the park entrance fees for direct park maintenance and biodiversity conservation. The funds are transferred to the Game Product Trust Fund (GPTF) and re-invested in the sector.[31] Likewise, the Environmental

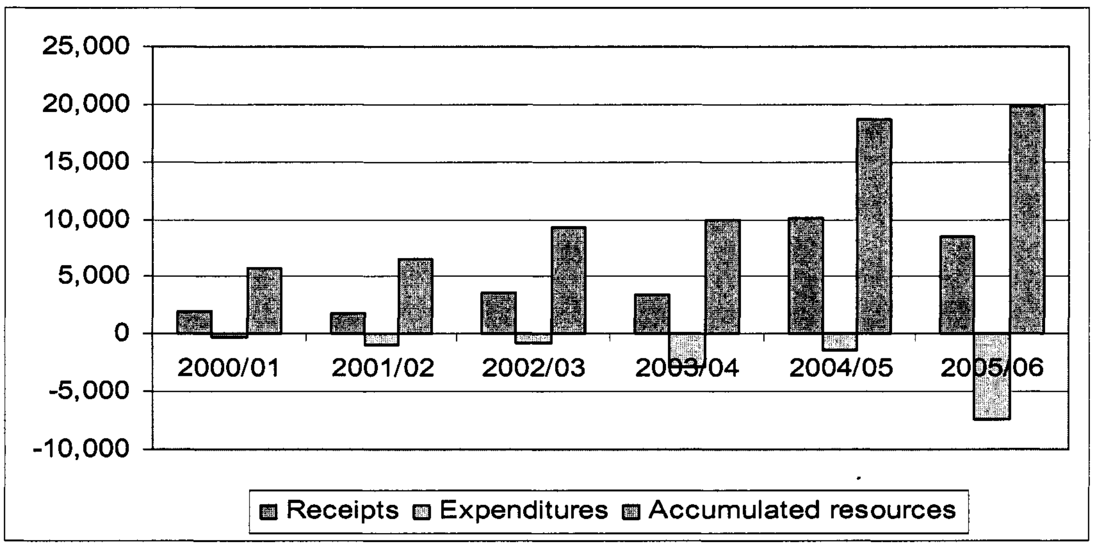
[30] In the form of theft on the road or the corrupt practices of some staff.

[31] GPTF constitutes an important instrument for the MET to distribute collected non-tax revenues. Established by an Act of Parliament in 1997, it supports the conservation and management of wildlife resources and rural development. It aims to provide grants to emerging public wildlife organizations and protected areas, and to persons and institutions approved to the Minister. A board, appointed by the Minister of MET, manages the Fund. Though the act makes provision for outsourcing, MET currently administers the Fund in order to save cost.

Investment Fund (EIF), is a similar instrument at the disposition of MET but has not been capitalized until today.

71. **GPTF has grown over the period 2000/01-2005/06.** As shown in figure III.3, the fund has been growing over the past years by 139 percent in real terms from about N$ 5.7 million in 2000/01 to almost N$ 20 million in 2005/06[32]. However, this has also raised questions in terms of the sector's capacity to effectively use these funds. Projects are approved on a tri-semester basis by the board. Some NGOs find it difficult to access the fund[33]. MET, on the other hand, has faced the problem of a range of proposals oriented towards an enterprise related activity instead of an environmental or conservation related project. It is also important to note that GPTF is a fund that is not documented under Namibia's national budget (the State Revenue Fund (SRF)). Though the balance of GPTF is published annually in the MTEF, it is difficult to access information on the funds mid-year disbursement status.

Figure III.3: The funding of the Game Product Trust Fund by type of revenue source 2000/01-2005/06 (N$ 000)



Source: MET

72. **The EIF has not yet been capitalized.** Established in 2001, it aims at enhancing the country's environmental and wildlife protection efforts by raising resources for direct investment in environmental protection and natural resource management.[34] It seeks to grant loans and bursaries to community-based environmental projects, NGOs, and individuals involved in environmental programs and activities that promote economic development and empowerment for communities. The Cabinet authorized N$ 15 million

[32] Namibia's proposals in respect of the Convention on International Trade in Endangered Species (CITES) and the trade in elephant products and black rhinoceros hunting quotas include a commitment that any related income is deposited into the Fund. Over the period 2000/01 to 2004/05 the main source of revenues derives from hunting concessions, while in 2005/06 the park entrance fees provide the largest contribution.

[33] There is a need for improving access to and dissemination of information on the GPTF functions and results as well as administrative processes.

[34] Environmental Investment Fund Act (No.13 of 2001).

to be put into the fund in equal parts over 3 years, if resources are available. However, until today the fund has not yet been capitalized. MET has also been authorized to capitalize this fund from revenues earned exceeding projected revenue levels of tourism concessions.[35] As the policy on concessions was recently approved in 2007, MET was not yet able to capitalize the fund through this mechanism.

3.1.2 Challenges related to the Fiscal Assessment

73. **A range of measures has been identified to increase the efficiency of revenue collection, but they lack funding and capacity until today.** Recent efforts by the Ministry to address revenue leakages have focused mainly on introducing cash registers to increase the security of the collected funds and to outsource on a trial basis the transport of revenues to banks. Moreover, since May 2007 NWR offers tourists the ability to pre-pay park entrance fees. In addition, the Ministry has identified a range of additional measures to improve the Ministry's revenue collection, including: the establishment of a better database (on a pilot basis at Etosha park), better marketing of the credit card payment facilities at all park entrances, and the introduction of a loyalty-based Wild Card system (on a pilot basis).[36] A detailed costing of these measures has not yet been undertaken. However, constraints in MET's resource envelope has hampered the full-fledged implementation of these measures.

74. Though GPTF has played an important part in both MET's and conservancies' operations and managed to support more activities with the increase in resources over the past years, evidence suggests that the resources are not adequate to address the needs of all conservancies as well as MET. The Ministry has on various occasions proposed that a greater proportion of park revenues be retained and allocated to GPTF. However, the Ministry was not able to keep up with the increase of GPTF's receipts (income) over the past years, resulting in an accumulated stock of resources of almost N$20 million in 2005/06. **The effective and transparent management and disbursement of the GPTF's resources constitutes a challenge for MET.**

[35] Following a cabinet decision it was approved that the EIF could be either capitalized with N$15 million over three financial years through a budgetary appropriation, or alternatively through revenue earned by MET, in consultation with MOF. (Cabinet Decision 23rd/24.08.04/004)

[36] Such a system is practiced by national parks in South Africa. The purchase of the card entitles the user to unlimited free access to specified parks for a specified period. The price depends on the group of parks that the purchaser chooses to include.

3.2 Assessment of MET's Public Expenditures and Budget Management[37]

3.2.1 Main findings related to MET's Public Spending

i) Financing of the Environment and Tourism Sector[38]

75. **MET's spending has declined and fluctuated over the past years.** Table III.1 shows the overall structure of the budget and so, MET's total expenditures over the last few years.

Table III.1: Overall Structure of the Government Budget - Summary Estimate of Operational, Development and Statutory Expenditure, 2005/06-2007/08 (N$ million)

	Actual 2005/06	Estimate 2006/07	Estimate 2007/08
President	185,7	244,5	230,2
Prime Minister	61,8	74,7	115,7
National Assembly	55,2	62,9	68,4
Auditor General	20,3	23	26
Home Affairs and Immigration	84,3	95,1	119,1
Police	763,5	837,2	976,5
Foreign Affairs	239,8	243,1	272,8
Defense	1,259	1,382	1,683
Finance	2,352	3,248	3,946
Education	3,171	3,257	3,699
National Council	24,9	30,2	31,6
Gender Affairs and Child Welfare	141,4	151,9	191,3
Health and Social Services	1,334	1,395	1,683
Labour and Social Welfare	572,1	707,6	787,2
Mines and Energy	90,3	139,9	96,4
Justice	169,7	202,2	246,1
Regional and Local Government	431,9	459,5	518,3
Environment and Tourism	139,3	151,1	299,9
Trade and Industry	108,2	107,9	126,5
Agriculture, Water and Forestry	619,3	640,5	652,7
Prisons and Correctional Services	173,9	201,2	212,2
Fisheries and Marine Resources	107,8	133	163,7
Works	292,7	311,1	357,5
Transportation and Communication	246,1	645,1	713,2
Lands and Resettlement	130,1	124,7	140,1
National Planning Commission	50,7	53,3	50,4

[37] In Namibia, budget information is documented in the State Revenue Fund (SRF), the development budget, and the MTEF. The SRF is comprised of detailed estimates of income, revenue and expenditure. The MTEF is the main policy document and serves as the basis of discussion in Parliament while the Development budget and the State Revenue Fund are presented for accounting purposes. Most of MET's donor aid is not inscribed in neither the SRF nor the development budget, but documented in the MTEF. These funds do not enter through the Government budget, which makes it more difficult to derive accurate estimates of available and disbursed resources.
[38] The following analysis is based on the data documented in the SRF and therefore does not include the off-budget donor aid and GPTF which is also off-budget.

	Actual 2005/06	Estimate 2006/07	Estimate 2007/08
Youth, National Service, Sport and Culture	156,4	189,9	205,8
Electoral Commission	13,8	9,8	25,7
Information and Broadcasting	192,1	158,2	154,2
Anti-corruption Commission	0	6,6	11,2
Veterans Affairs	0	0	22,9
TOTAL	13,189	15,268	17,827

Source: MOF

76. As shown in table III.2 below, over the past 5 years total expenditures declined in real terms by 6 percent between 2001/02 and 2005/06. The sharp increase by 16 percent between 2002/03 and 2003/04 can be mainly explained by MET subsidizing NTB as well as an overspending of MET budget on personnel expenditures and goods and services. The downward trend the following years is partially due to cuts in subsidies to NTB in 2004/05 and the transfer of the Forestry Directorate to the Ministry of Agriculture and Water in 2005/06.

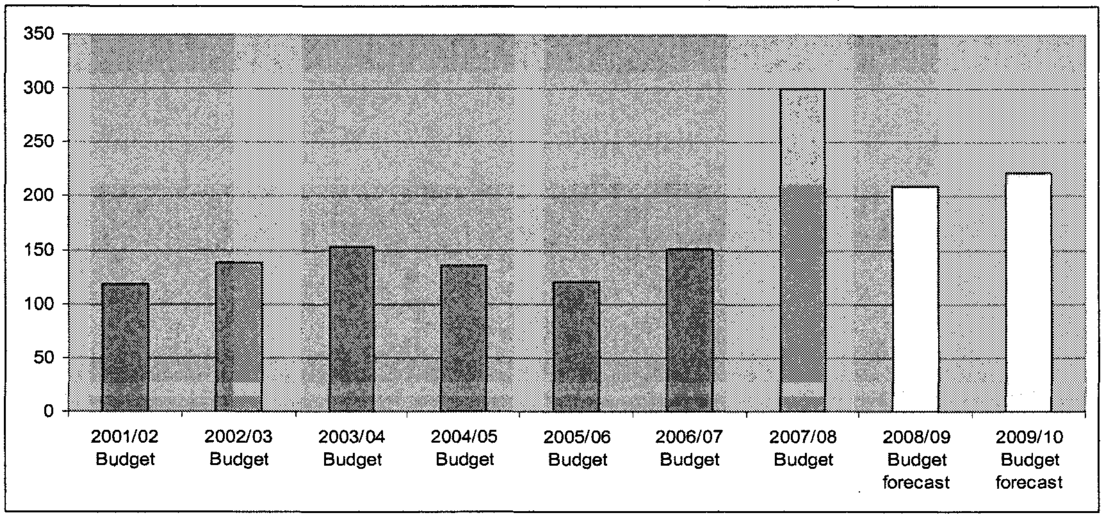
Table III.2: Ministry of Environment and Tourism – central Government expenditures, 2001/02-2005/06

	2001/02	2002/03	2003/04	2004/05	2005/06
ACTUAL EXPENDITURES					
Total expenditures (N$)	**118.5**	**140.3**	**172.9**	**149.1**	**139.3**
Total spending (as a % of total budget expenditures)	1.7	1.7	1.7	1.2	1.1
Total spending (as a % of GDP)	0.4	0.4	0.5	0.4	0.4
Real growth		7.4	15.8	-16.8	-9.3
National Budget (in real growth as a %)		12.2	13.9	19.6	-2.6
Memo					
CPI (end-of-period)	9.3	11.3	7.2	4.1	2.3
National Budget (estimate)	7,273	8,485	10,116	11,999	12,772
National Budget (actual)	6,797	8,413	10,201	12,642	12,679
GDP (at market prices, in millions N$)	28,158	33,141	34,607	37,385	39,562
Exchange rate (Namibia dollar/US dollar)	9.1	9.8	7.3	6.4	6.5

Source: MOF

77. **Budget appropriations have increased over the past two years 2006/07 and 2007/08.** The recent increases in appropriations since 2006/07 and 2007/08 are due to expenditures incurred for the Tourism Directorate (e.g., NTB and the tourism infrastructure upgrading for the 2010 World Cup), the Directorates of Parks and Wildlife (e.g., upgrading the park infrastructure in view of the 100 years Etosha Park celebration in 2007), and MET's administration (e.g., the construction of the new headquarters). In the current fiscal year 2007/08, MET's budget envelope is the largest ever when compared to past years with N$ 299 million (around US$ 43 million), accounting for 2.3 percent of the total Namibian budget and 0.6 percent of the country's GDP. As shown in figure III.4 below, this is a temporary sharp increase as appropriations within the 2007/08–2009/10 MTEF are expected to drop, on average, to N$ 210 million (US$ 30 million) for the next two years (2008/09 and 2009/10).

Figure III.4: MET- budgetary allocation 2001/02-2009/10 (N$ million)



Source: MOF

78. **Among the middle-income countries of Latin America, Colombia is perhaps the best comparator since it has similar levels of income per capita and share of Government expenditures in GDP**. Namibian expenditures on environmental protection compare favorably with Colombia and, as expected, are lower than the levels seen in higher income countries such as Chile and Mexico. These figures, however, are only indicative, since there is no guarantee that environmental expenditures are defined similarly across different jurisdictions in other countries. Furthermore, there is no 'correct' level of expenditure on the environment–the use of public resources should be proportional to the environmental benefits they create, and these can vary widely across countries, with varying environmental conditions and levels of development. It is nonetheless useful to benchmark environmental expenditures across countries. Within Africa, Namibia is clearly spending more on environmental protection than a lower income country such as Ghana. Madagascar is a less ideal comparator because of the very high level of donor support for biodiversity conservation.

Table III.3: Environmental expenditure as share of GDP and central Government expenditure

	% of GDP	% of Central Gov. Expenditure
Ghana	0.02%	0.10%
Madagascar	0.47%	2.00%
Namibia	0.24%	0.70%
Argentina	0.10%	0.55%
Chile	0.48%	2.57%
Colombia	0.30%	0.96%
Mexico	0.65%	4.22%

Source: Namibia, State Revenue Fund 2005/06 Ministry of Environment and Tourism; Ghana 2005 Appropriation Act, Ministry of Environment and Science; Madagascar Ministry of Finance (Loi des Finances 2005); Latin American countries: World Bank 2006, Environmental Priorities and Poverty Reduction: A Country Environmental Analysis for Colombia, Washington: The World Bank. (Figures for Latin America are for 2003)

79. **An international comparison of tourism capital expenditures with selected Namibia's competitors suggests an under-capitalization of the tourism sector in Namibia.**[39] Capital investment in the Namibia tourism sector in 2006 was forecast to account for US$ 212.6 million in 2006. In comparison, Tanzania (US$ 366.6 million), Kenya (US$ 509.7 million), Mauritius (US$ 391.7 million), and South Africa (US$ 6,095 million) are all investing much more heavily in the tourism sector. The low sector capitalization means many prime tourism areas of the country remain vastly underdeveloped.

80. **A comparison of appropriations among different natural resource management ministries shows that the Ministry of Agriculture, Water and Forestry (MOAWF) receives the largest share of the budget.** When comparing appropriations of MET with other environment and natural resource management Ministries (Table III.3 below), one finds that MOAWF receives the largest share of budgetary allocations (around 3.7 percent) in 2007/08, while funding of other sectors (Mines and Energy and Fisheries) and MET amount to less than 2 percent of the total national budget. The large budget for MOAWF can be explained by it's the national development importance to its rural population and Government's role in providing large investment related services. In contrast, Government has more of a regulatory and oversight function in the other natural resource management sectors.

[39] Millennium Challenge Account Namibia, draft proposal, 2007.

Table III.4: Namibia central budget allocations to Natural Resource Management Ministries (as a % of national budget)

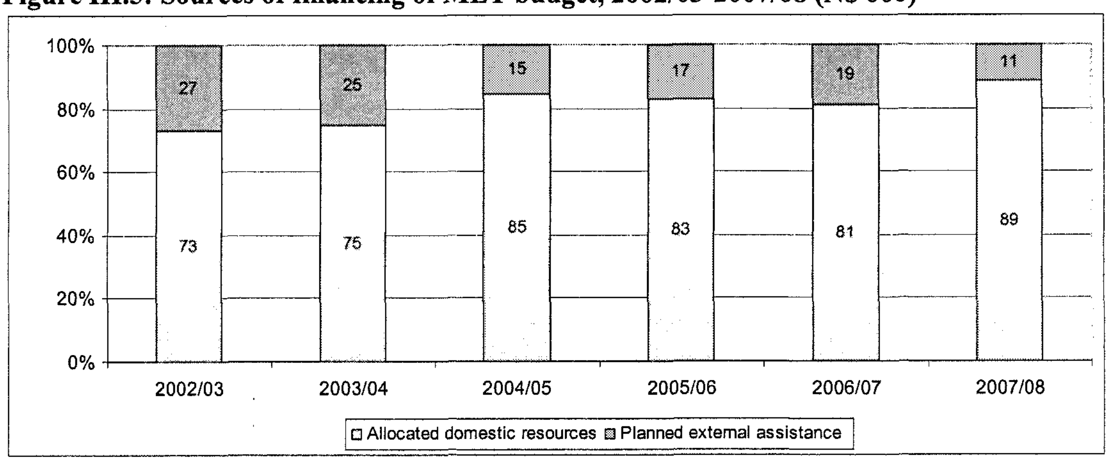
	2001/02 Budget	2002/03 Budget	2003/04 Budget	2004/05 Budget	2005/06 Budget	2006/07 Budget	2007/08 Estimate
Environment and Tourism	1.3	1.2	1.3	1.1	0.9	1.0	1.7
Mines and Energy	1.0	0.9	0.8	0.8	0.8	0.9	0.5
Agriculture, Water and Forestry[1]	5.4	4.9	4.4	4.4	5.2	4.2	3.7
Fisheries and Marine Resources	1.1	1.1	1.0	0.9	0.9	0.9	0.9

Source: MOF Appropriations Acts; MOF-SRF[1] Prior to 2005/06, the Ministry of Agriculture and Forestry included Rural Development while Forestry was under the aegis of MET.

ii) Sources of financing[40]

81. **Domestic resources represent the main source of financing of MET's budget.** MET relies on **three types of sources of revenues: fiscal revenues, GPTF, and donor assistance**. As shown in figure III.5 below, over the observed period 2002/03–2007/08 domestic resources represented, on average, around 80 percent of MET's budgetary allocations. Though most of the domestic resources derive from Government's fiscal revenues, the Ministry also receives a small amount of domestic resources available through GPTF, amounting to 5.2 percent of MET's total domestic resources in 2005/06.[41] MET has an important amount of discretionary influence on its spending which gives the Ministry a degree of flexibility in managing public finance.

Figure III.5: Sources of financing of MET budget, 2002/03-2007/08 (N$ 000)



Source: MOF, State Revenue Fund, MTEF, MET GPTF data base
Note: The figures related to planned external assistance take into account only programs executed by MET; others, for example funded by WWF and USAID are not included.

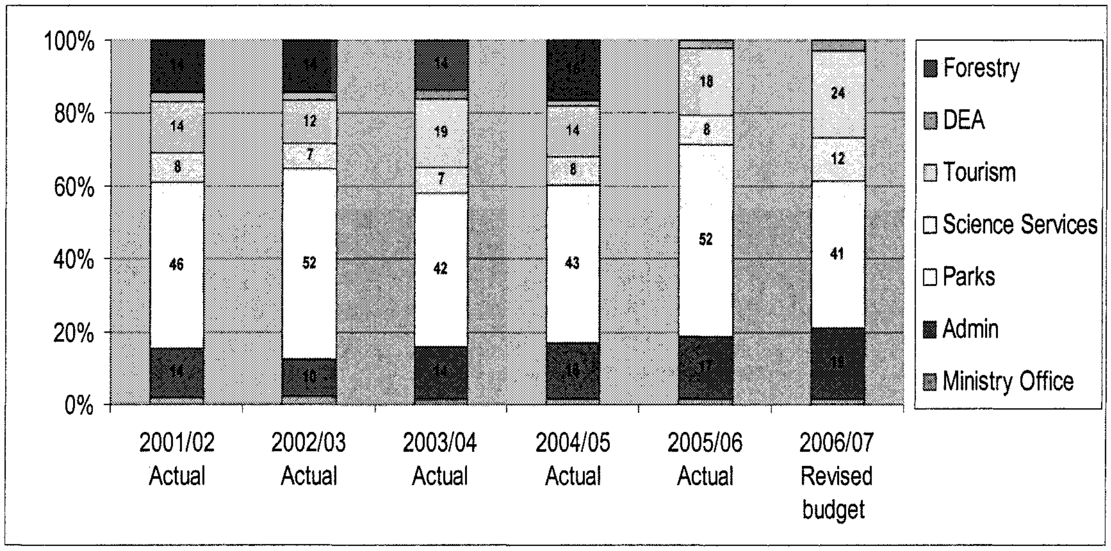
[40] In order to present all sources of the Ministry's financing together, the following section also includes the off-budget funding, namely from donor aid and GPTF.
[41] GPTF figures are based on actual expenditures given that planned expenditures are not available. The information on the available funds for the year 2006/07 and 2007/08 was not yet available.

82. **Furthermore, private sector financing has played a growing role over the past years but actual figures are not available.** The private sector has increasingly supported investments with direct impact on environmental ecosystem services and investments in private and communal conservancies, or, for example, on the coast which directly contributes to achieving MET's objectives.

iii) Spending by Directorate

83. **The Directorates of Parks and Wildlife, Tourism and Administration consume the largest share of MET's budget (on average 77 percent of the total MET budget over the period 2001/02–2005/06),** whereas the DEA, responsible for standards, regulations, and policy planning in the sector has only a small budget (on average 2 percent over the same period). In terms of MET's funding of its programs, there is a general prioritization of the Ministry's budget in favor of the protected area management that notably is managed by the Directorate of Parks and Wildlife and represents 44 percent of MET's budget in 2006/07. This is due to the high number of staff and recurrent cost involved; though this is still insufficient to ensure adequate maintenance of the parks infrastructure.[42]

Figure III.6: Actual spending of MET divisions 2001/02-2006/07 (%)



Source : MOF (State Revenue Fund)

[42] Other programs of MET's other programs include the protection and management of key species and natural resources, CBNRM and tourism, regulation of environmental protection and sustainable resource management, tourism development, and improving the economic value of natural resources and protected areas under MET's jurisdiction.

iv) Composition of MET expenditures by economic category[43]

84. **As shown in table III.4, recurrent expenditures account for almost the entire MET spending (on average for 95 percent between 2001/02 and 2005/06).** Expenditure on personnel is the largest spending item within MET's budget, representing on average 48 percent of total MET spending over the period 2001/02 to 2005/06. In the context of Government's reintegration program of Namibia's ex-combatants, MET had to take over 500 ex-combatants in 2000 and 500 in 2001. The salaries of this additional staff were included in the 2002/03 budget and accounted for the growth in remunerations by 20 percent between 2001/02 and 2002/03. The drop in 2005/06 is related to the transfer of the Forestry Directorate with all its staff to the Ministry of Agriculture and Water. Spending on transport accounts was the second largest spending item. Most of MET's subsidies and transfers serve to subsidize NTB.

Table III.5: MET expenditures and allocations by economic category, 2001/02 to 2007/08 (share of the total budget)

	2001/02 Actual	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Actual	2006/07 Budget	2007/08 Fore-cast
TOTAL Recurrent Expenditures	**86.5**	**95.0**	**95.5**	**96.7**	**96.6**	**91.1**	**65.4**
Personnel Expenditure	**44.2**	**49.5**	**45.2**	**53.6**	**47.5**	**43.5**	**23.3**
Remuneration	38.6	44.6	40.0	48.2	41.4	38.9	20.8
GIPF (Pension fund)	5.2	4.7	4.8	5.0	5.5	4.2	2.3
Other	0.4	0.2	0.4	0.4	0.6	0.4	0.2
Goods and other Services	**30.9**	**37.0**	**33.5**	**30.9**	**33.5**	**26.5**	**16.7**
Travel and Subsistence Allowance	6.0	7.0	6.2	4.5	3.3	5.7	3.3
Transport	16.4	20.2	17.9	16.7	18.8	11.5	6.9
Utilities and Maintenance	5.2	6.9	6.5	6.7	8.3	4.9	3.4
Other services and expenses	3.2	2.8	2.9	3.0	3.0	4.3	3.1
Subsidies and other Transfers	**11.4**	**8.5**	**16.8**	**12.2**	**15.7**	**21.1**	**25.4**
Capital Expenditures	**4.4**	**0.5**	**1.0**	**1.4**	**1.4**	**1.4**	**0.5**
Development budget	**9.0**	**4.5**	**3.5**	**1.9**	**2.0**	**7.5**	**34.1**
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: MOF (SRF)

85. **In the past years, operation and maintenance funding of MET programs have been underfunded.** Budget cuts in 2004/05 and 2005/06 affected in particular transport, travel, and subsistence allowance spending items. This has adversely affected the Directorate of Parks and Wildlife as it had not sufficient funds to maintain the park infrastructure, equip their staff (e.g., with uniforms), and carry out law enforcement.

[43] The figures do not include off-budget financing by the development partners which limits the assessment of the distribution between recurrent and development expenditures to domestic resources.

86. **Internal funding of development expenditures is small.** Public investment in the sector has not constituted a priority for the Government over the past 5 years given that development expenditures have consistently declined (on average by 30 percent in real terms) over the observed period 2001/02 to 2005/06. With the preparation for two important national events (the 2007 Etosha park celebration and the World Cup in 2010), MET succeeded in significantly increasing budgetary provisions for development for the last two years, 2006/07 and 2007/08, by 192 percent and 760 percent in real terms respectively. While this reflects Government's acknowledgment of the sector's important role to income generation and poverty reduction in light of these national events, it raises the questions: (i) whether the Ministry will be in the position to increase its absorption capacity significantly in this one year period and achieve a satisfactory rate of implementation and (ii) how recurrent cost implications will be considered in future budget planning. It is important to note that this increase has not been foreseen in the Ministry's three-year rolling budget and therefore did not give much time to MET to strengthen its institutional capacity.

v) Assessment of MET's budget execution 2001/02-2005/06

87. **MET experienced significant budget overruns over the past years**. Over the past years MET overspent its budget significantly, resulting in an execution rate of 113 percent on average over the years 2002/03 to 2005/06 (Table III.5 below). The largest overspending categories are personnel expenditures, goods, and services and have been mainly created by the Parks and Wildlife Directorate. The budget overrun of the Directorate of Parks and Wildlife can be partially explained by (i) appropriations that were not sufficient to cover increased expenditures incurred by the increased additional staff (for example per diem, camping allowances, uniforms, etc.), (ii) the low level of adequate financial control by the Directorate's headquarter on spending carried out by the regional offices related to transport, subsistence expenses, and utilities, (iii) the lack of realism in the initial estimate, and (iv) the difficulty of the Directorate to budget for emergencies. Because of the budget overruns, the Ministry has been depending on the supplementary budget. **This pattern of spending strongly endorses the call for budgets that are more realistic, budgeting discipline, and the use of a contingency fund in case of emergencies.**

88. **MET's execution performance related to capital and development expenditures is very weak**. This low level of capital and development spending is a characteristic across all directorates. It can be explained by three factors: first, delays in budget approval by Parliament resulting in delays in budget implementation (the 2005/06 national budget was approved in August 2005/06, most other years the budget was approved in June); second, cumbersome procurement procedures; and third, in the case of budget approval delays by Parliament, regulations in the Finance Act that limit the provision of operational and development resources to 33 percent of the previous year. There is concern about weak execution performance in particular in view of a strong increase in budget provisions for development expenditures over the past two years,

while past performance suggests that the capacity of the Ministry for planning and implementation of development projects may need to be strengthened.

89. **Among the directorates, the Directorate of Environmental Affairs has the lowest execution performance** amounting to less than 80 percent over the observed period 2001/02 to 2005/06 (Table III.5. below). The low spending on personnel expenditures can be partially attributed to the low payment rate of consultant works and to positions that could not be filled during the fiscal year. Nevertheless, the severe underspending across all other categories (notably subsidies and transfers and capital) in particular in 2005/06 suggests that some weaknesses in DEA's budget implementation capacity exist.

Table III.6: MET budget execution rate by directorate, 2001/02–2005/06 (%)

DIRECTORATES	2001/02	2002/03	2003/04	2004/05	2005/06
Office of the Minister	**107.4**	**139.2**	**94.3**	**85.6**	**86.4**
P.E	100.8	98.6	71.7	72.4	80.3
Goods and Services	120.0	195.1	141.8	108.4	94.3
Capital	66.7	34.3	55.6	42.6	112.0
Administration and Support Services	**95.1**	**67.2**	**117.4**	**108.2**	**103.6**
P.E	96.8	53.4	93.6	119.4	119.3
Goods and Services	90.2	97.4	150.4	102.7	92.7
Capital	115.6	20.8	41.3	31.2	91.2
Development	n.a	n.a	n.a	n.a	83.7
Parks and Wildlife	**99.9**	**126.4**	**144.5**	**137.8**	**146.8**
P.E	100.0	108.9	127.2	118.7	136.0
Goods and Services	100.2	189.2	201.2	233.7	181.5
Subsidies and transfers	71.1	11.1	7.6	16.0	51.4
Capital	100.0	36.3	58.4	47.9	87.4
Development	100.0	73.4	90.4	75.2	64.3
Science Services	**103.5**	**103.7**	**96.6**	**83.5**	**79.3**
P.E	110.2	110.4	98.0	87.7	79.4
Goods and Services	92.6	104.5	98.0	84.3	80.4
Subsidies and transfers	64.8	45.5	178.6	27.5	128.3
Capital	146.3	14.4	67.6	43.5	34.7
Tourism	**101.6**	**94.2**	**97.5**	**92.9**	**97.0**
P.E	106.3	122.9	96.3	72.6	88.9
Goods and Services	118.1	192.3	63.7	68.7	126.1
Subsidies and transfers	100.0	86.5	99.1	97.1	98.1
Capital	100.0	83.2	53.6	4.6	67.2
Development	100.0	48.6	85.2	n.a	n.a
DEA	**83.2**	**88.9**	**77.5**	**77.4**	**70.8**
P.E	81.6	82.4	96.5	95.2	66.3
Goods and Services	102.6	98.9	67.2	52.0	86.2
Subsidies and transfers	102.6	0.0	145.7	173.6	21.7
Capital	101.6	75.5	68.0	0.0	45.2
Forestry[1)]	**104.9**	**77.6**	**84.1**	**97.7**	**n.a.**
P.E	100.0	73.5	80.0	97.4	n.a
Goods and Services	73.5	134.3	106.8	111.3	n.a
Subsidies and transfers	134.3	56.4	0.0	35.8	n.a
Capital	56.4	62.3	86.2	16.0	n.a
Development	62.3	36.6	93.1	92.4	n.a
TOTAL	**100.0**	**101.5**	**112.5**	**110.2**	**115.5**

Source: MOF (SRF)

[1)] The Forestry Directorate was transferred to MOAWF in 2005/06.

vi) Fiscal deconcentration

90. **The regional offices are underfunded and weak on budget management.** The regional offices are financed currently through the budget of the Parks and Wildlife Directorate. Discretion over deconcentrated layers of personnel and budget management

at the regional offices remain very limited as all expenditures are managed and executed from MET centrally. For a few years, non-salary recurrent expenditures (for example overtime and transport expenditures) are deconcentrated at the regional offices, while expenditures subject to procurement continue to be approved by the central Parks and Wildlife office.

91. The underfunding of the Parks and Wildlife Directorate operating budget (especially of goods and services) has influenced the delivery of services at the regional offices resulting in a deterioration of the park infrastructure, inadequate control and enforcement, and inadequately equipped personnel. Efforts by the Directorate to address this situation are reflected in the budget overruns between 2003/04 and 2005/06. However, a lack of fiscal discipline by the implementing units on spending items such as overtime, transport, and utilities (which cannot be controlled by the central administration) compounded by weak budget control at the regional offices are also key factors contributing to the budget overruns.

92. An assessment of the distribution of expenditures to the regional offices was not possible owing to technical weaknesses of the Parks and Wildlife Finance Unit to provide a comprehensive data set for the recent years. Also, a coherent database that would allow mapping of external and domestic budgetary allocations and expenditures at the regional level doesn't seem to exist, which in turn impacts strategic budget planning.

vii) Donor assistance

93. **Donors' contributions are important in funding the Ministry's budget but are largely spent outside Namibia's budget.** This results in a rather distorted picture of planned and actual expenditures in the sector. At present, MET is implementing six off-budget programs in 2007/08, amounting to an estimated budget envelope of N$37.8 million (US$ 5.4 million).[44] In general, donor assistance declined by 41 percent in real terms over the past 5 years, from N$50.8 million in 2002/03 to N$37.8 million in 2007/08. Some of the main donors in providing financial assistance constitute the GEF funded by the Bank and the United Nations Development Programme (UNDP) and the German cooperation. As mentioned above, most of the donor assistance to MET consists of technical assistance but is also combined with infrastructure components in the area of climate change, capacity building at MET, support of the Northeastern parks, clean production technology, National Protected Area Network, coast conservation and management, as well as integrated community based ecosystem management.

94. There are concerns about the sustainability of Government programs on environment and tourism, given the high degree of donor funding compared to Government funding for the sector. This concerns in particular the CBNRM Program that has been largely supported by donor funding for the last 10 years and requires a long-term sustainable funding strategy.

[44] These figures are based on the information provided in the MTEF and therefore do not include the Namibia-Finland Forestry Program that is documented in the NPC.

95. **The tourism sector will obtain substantial funding through MCA over the next years that provides an opportunity to maximize the contribution of tourism to economic growth and poverty reduction in Namibia.** The Namibia MCA seeks to support the tourism sector with a total estimated budget of US$ 96.9 million over a five-year period (2008-2013).[45] The MCA aims to unlock the tourism potential of many of Namibia's protected areas and create strong linkages between park and conservancy development and rural poverty alleviation through increased private sector investment and involvement. The main beneficiary would be members of conservancies and all people involved in the tourism industry inclusive of communal and commercial enterprises. Overall, the MCA Namibia investment will complement on-going initiatives, including the ongoing CBNRM Program but it will not replace the resources invested by Government, NGOs, and other partners to build the capacity of conservancies. Given current MET capacity, managing the MCA funding and implementation of activities is likely to be a challenge in itself and will require prior planning within MET.

3.2.2 Challenges related to MET's Public Spending and Budget Management

i) Issues related to MET's budget management

96. **MET made some good progress in the preparation of its MTEF, but key challenges in budget planning remain.**[46] Weaknesses exist in budget planning at the regional offices, the centralized planning process, the per-unit costing of spending items, the economic analysis of projects, and the coordination between the recurrent and development budget. Some of the weaknesses in budget planning can only be addressed by Government's reform agenda (e.g., the dual budget preparation on program and line-item basis given that the accounting system is still on line-item basis).

97. **There is also a need to strengthen financial control, accounting procedures and accountability at the regional offices in order to align budget appropriations better with budget execution.** The Integrated Fiscal Management System (IFMS) has contributed significantly to strengthening MET's fiscal discipline, however, the main challenge for the Ministry is that the regional offices are not tapped into the control system.[47] Certain spending categories, which are paid post de-facto (i.e. overtime, telephone bills, and transport charges to Government garage) are executed at the regional level, but are out of the proper commitment control system and contributed significantly to budget overruns in the past. Furthermore, the limited number of staff (currently only one person) makes it impossible to integrate the cost centers of all directorates, to ensure

[45] The focus of the MCA Namibia Program is twofold: (i) poverty reduction through economic growth and (ii) economic transformation. The program is comprised of four components: resource development and management, marketing, barriers removal, empowerment and capacity building.
[46] Namibia introduced a range of reforms over the past six years, the most important are a MTEF, medium term plans (MTPs) for each vote and PEMP. (See Namibia CEA/PER Volume II for a more in-depth assessment.)
[47] Note Namibia's internal control system has a well-built financial control through a strong centralization of the payment system. All payments are made by MOF through the treasury single account. The centralized control system seeks to prevent the emergence of off-budget funds, budget overdrafts, and the misuse of funds. This system had been strengthened significantly with the introduction of IFMS. IFMS was introduced for all sector ministries by the MOF in 2006/07 and seeks to eliminate overspending and enforce spending discipline.

timely coherence between data collected by the Directorates and data available in the IFMS as well as to report regularly on the Ministry's disbursement status to MET's management. The efficiency of MET's procurement has been partially impacted in the past (e.g., related to the low threshold ceiling or the exemptions of the tender board that allow spending on certain items outside the control of MET, etc.). Following the significant increases in the development budget for the year 2007/08, the current mid-year slow disbursement rate suggests that the Directorates need to build significant technical capacity (notably related to procurement). This concerns particularly the Tourism Directorate that is responsible for the implementation of the N$ 41 million development budget in 2007/08, but has neither the staff nor the training on procurement to ensure a timely execution of its programs.[48]

98. **The implementation of donor aid outside MET's budget has some advantages for the Ministry but constitutes a key challenge related to the Ministry's aid management.** On the one hand, the outside budget provides several advantages such as the accessibility to donor aid, since some donors would not have been able to provide assistance otherwise, and the guarantee of funds, whereas in the case of budget support the Ministry would be obliged to constantly negotiate the funds with MOF.

99. On the other hand, the varying disbursement and monitoring requirements from multiple donors, poses substantial management costs for the ministry. As a result, currently, the ministry manages to monitor donor aid for only the purpose of reporting to donors. **Less monitoring is conducted for program management purposes.** An additional issue faced by the ministry is the sustainability of a project and whether recurrent cost implications have been taken into account and will need to be covered by the Ministry's operational budget in the future. In addition, information on the level of counterpart funding and the Ministry's capacity to provide these funds is not well documented.

100. In Namibia, Government's policy is that donor assistance should be channeled through the state revenue fund as this lowers the transaction cost, assures the programs are within Government's priorities, and are less susceptible to mismanagement. However, this depends to a large degree on the willingness of the donors to channel their funds through the SRF and the line ministry advocating the integration of assistance in the budget. [49]

101. **Another challenge for MET is the monitoring and evaluation of the sector programs' performance, which is important in view of the reinforcement of its programs, and planned in the context of the SP.** While MET has made significant

[48] These programs include in particular: the Community Tourism Lodge Development (N$ 20 million) and the Community based tourism development program (N$ 21 million).

[49] In the Namibian SRF, project assistance in form of grants is subject to the same Government procedures as budget support and therefore is not inscribed in the budget as a separate budget line. Certain donors are not comfortable with this system as it makes it impossible to earmark funds in the budget of the beneficiary ministry as well as to track the utilization of external aid. At the same time, given the overall limited contribution of donor assistance to the national budget, in the past years the inclusion of donor assistance in the national budget has not been a priority for the MOF so it made it possible that a range of donors assistance was not included in the development budgetor in the SRF.

progress over the past years in improving its database and capitalizing on some of its indicators established under PEMP, monitoring and evaluation of the sector programs' performance and impact is still weak.[50] In the context of Namibia's public finance reform agenda, the Government developed a PEMP that aims to assist sector ministries in assessing the effectiveness of their expenditures and setting accountability targets. Despite some achievements related to improving the Ministry's database and generating better information on the economic contributions of the sector, MET was not yet able to use PEMP as an effective operational performance management tool. A key shortcoming is that the indictors are not attached directly to either the programs or the budget. Additionally, the lack of coordinated data collection and sharing and the absence of an operational National Environment Information System (EIS) constrain the evaluation of environmental impact of Government and donor funded programs at national level.

ii) Financing of MET's SP

102. **To implement the SP, MET will have to mobilize support and funds among the development partners.** However, this constitutes a challenge as some important development partners have already or are winding down their support, e.g., USAID, DFID, SIDA, Finnish Embassy, and DANIDA [51]. The European Commission, an important partner in the sector in the past years, recently conducted a Country Environment Profile but has not yet indicated if it will provide further support in the future.

103. **Despite the important growth opportunity for the sector under the MCA, a main challenge for the sector is its capacity to implement the large investment program (on average US$ 19 million per year).** According to the investment proposal, the activities will be funded in a phased fashion (outside Namibia's SRF), with a primary emphasis on the front-end loading of capitalization cost during the first three years and dissipation of recurrent costs during the remaining two years (4–5). MET is currently assessing the recurrent cost implications for the sector on the long term. The investment envelope of the Ministry (including donor aid) amounts to US$ 20 million (constituting an exceptional one time substantial investment budget) in 2007/08 but needs to be accompanied with capacity strengthening measures to ensure adequate planning and implementation (notably related to procurement). Given past implementation record, it is questionable that any of the public sector implementation agencies will be able to keep up with the speed and scope of the MCA implementation over the short period of five years. Though the MCA program is designed to ensure a financial sustainability of the activities (including components such as a cost-sharing mechanism and a focus on management efficiency and decentralization of park management), the assessment is based on several optimistic assumptions that are likely not to materialize, such as the reduction of maintenance cost due to new infrastructure, the establishment of 20 additional financially

[50] See Namibia CEA/PER Volume II for a more in-depth assessment.
[51] USAID funds have been implemented through NGOs with the World Wildlife Fund (WWF) being a key co-investor and the Namibia Nature Foundation (NNF) being the main subcontractor. Though these funds are not documented in the MTEF, important funding was provided by USAID over the past years to support Namibia's CBNRM Program.

self-sufficient conservancies and an estimated 25 community-lodges, or the return of all gate entrance fees to park management.[52]

104. Under the Namibia MCA, a substantial investment of US$12.9 million over a five-year period is also planned for marketing Namibia's tourism products, which will gear NTB to a higher platform of operation and expand its effectiveness into the US and emerging markets in Europe. **The implementation of this program will require intensified efforts by NTB and the private sector to build on existing mechanisms and increase the scope of their existing marketing approach.**

[52] MCA includes the following funding mechanism: a) capacity building and training, b) public-private partnership with MCA providing the public investment portion into joint venture driven by business principles, c) public investment in infrastructure to unlock private sector/business opportunities, and d) revolving funds. No grant or equity funding would be made directly available to companies or private individuals. However, equity support to community owned ventures (for example conservancies) could be considered. Technical assistance and research could be considered but only when of an immediate supportive nature for the main action.

IV. Recommended actions

105. This study presents an important opportunity for GoN, in particular MET and all relevant stakeholders in the sector, to bring to mind again the importance of natural resources in national economies, the achievements and current constraints in the sector's legislative and policy framework, MET's institutional capacity to accomplish its mission, as well as the effective and efficient utilization and management of the Ministry's public expenditures. **The main objective of the report is to assist the Government in the implementation of MET's SP as well as in reinforcing its dialogue with MOF and the development partners.**

106. **Now that MET has finalized its SP, the Ministry would need to appoint a task force (under the SP) to launch the implementation of the Plan and to follow-up on the CEA action plan.** The task team should meet on a frequent basis and the taskforce team leader should be employed on a full time basis to ensure a well-managed and monitored process.

4.1. Recommendations

107. As the CEA seeks to assess some of MET's key policy, institutional and financial challenges in the context of the Plan's implementation, several cross cutting themes emerge that may constitute a list of prioritized measures to address the environmental challenges described in table I.3. that the Ministry may wish to embark on[53]:

1. Improving and implementing MET's policy and legislative framework

108. With the **tourism** sector being one of the fastest growing sectors, there is a strong need to provide a **regulatory policy framework**. The policy should cover issues of coordination across public and private sector entities, tourism development planning, regulation, the role of public sector enterprises, and tourism promotion. It would also be important to lay out the framework and responsibility that will be important to unlock private investment and financing through a sound business climate. The policy is currently for approval at MET's management level. It would be important that MET's senior management approves the tourism draft policy so that it can be submitted to Cabinet and Parliament in 2008.

109. **Finalize the drafting of the outstanding legislation.** After the recent passing of the EMA, the finalization of the outstanding legislation and policies (in particular the Parks and Wildlife Management Bill as well as the Pollution and Waste Management

[53] Please see the action plan that is comprised of the CEA recommendations and proposed actions. These are grouped according to a short- (up to 1 year) and medium-term (up to 3 years) timeframe and are attributed to the responsible ministry or public or private agency.

Bill, the Parks and Resident Neighbors, and the Human-Wildlife Conflict Policy) should constitute a priority for the Ministry as they represent together MET's empowering legal framework. In addition, a draft MET CBNRM Policy Framework and Implementation Guidelines is available and should be endorsed in 2008 by MET. Additionally, new policies and legislation needs to be drafted to address emerging environmental challenges and issues related to climate change, urban environment, and coastal zone management. For all these processes, the Ministry should mobilize assistance if needed and take the lead on consulting stakeholders.

110. **Regulating private sector activities.** Furthermore, the private sector plays an increasingly important role in the sector, contributing to growth by using resources on a renewable and non-renewable basis. Private companies have invested in communities and state land to support the aim of improved environmental management of wildlife and natural resources. Growing private sector activities in wildlife management and use (game farms, game reserves, hunting, live exports, etc.) as well as overall increasing mining and tourism activities suggest a **review and adjustment of the Ministry and the private sector roles and responsibilities** in the area of wildlife management environmental impact assessment, urban environmental management, and tourism development including community-based and concession. The Ministry's recently approved and draft policies and legislation demonstrate an encouraging trend towards shifting from regulation and control to facilitation, extension support, and compliance monitoring whereas the private sector is taking on a more responsible self regulatory role; in order to address cost-effectively and through partnership arrangements the existing and future sector challenges.

111. **Establish a process and set of procedures for policy development, implementation, and monitoring.** A clear process is required identifying who is responsible for policy development and how this should take place, including internal and external consultations and participation, and procedures for policy approval. With the introduction of a number of new policies, a system needs to be set up for monitoring the implementation of policies based on data gathering on the impact of implementation and the analysis of any gaps or required changes in policy. There should be provision for the review of policies after an appropriate implementation period.

2. Strengthening MET's institutional capacity

112. **Reinforcing MET's institutional capacity at the central level.** The Ministry is currently conducting a study on reorganizing options for the Ministry. Following the outcomes of the study and the expected DIP, it would be important for MET to establish a human resource management and development plan that is comprised of the training and other capacity building[54] needs related to: i) the new responsibilities under EMA, ii) the tourism concession and wildlife concession policy, and iii) budget management. This plan should be part of MET's annual business plan. Furthermore, the reorganization of the ministry constitutes an opportunity to address (i) institutional inefficiencies (e.g., a

[54] In addition with a MET specific training and recruitment plan tailored according to identified needs, sub-sector specific (CBNRM) and mostly on-the ground related tasks will continue to be outsourced to NGOs.

review of its core functions and the option to outsource some of the services of the Directorate of Scientific Services that could free resources for other Directorates or to build more on synergies among the Directorates), (ii) strengthening of MET's regional offices (e.g., establish DEA representation at the regional offices to enforce EIA and monitor environmental management plans), (iii) the installation of a MIS, together with (iv) the establishment of a policy, planning, and monitoring unit within MET to allow for improved policy development and monitoring a better utilization of management information, and to improve the Ministry's reporting on mid-year budget execution.

113. **MET has to prepare itself for the new responsibilities under EMA and adequately plan for it**. Some important measures involve: (i) the establishment of the Sustainable Development Advisory Council, (ii) the appointment of an Environmental Commissioner at the appropriate authoritative level, together with the support structure consisting of Environmental Officers and their functional and administrative organizations. MET would also have to: provide assistance to the process of drafting the required environmental management plans by the institutions affected by the Act; facilitate approval and acceptance and ensure compliance; and ensure the implementation of the environmental assessment process (including registering applications, reviewing assessment reports, preparing environmental clearance certificates, ensuring adherence to international agreements or conventions, deal with offenders, etc.).

114. **Reinforce the regional offices**. This would involve the strengthening of the mandate of the regional offices. Moreover, it would be important to strengthen the budgeting capacity of the regional offices in order to allow for adequate financial data analysis and better information sharing between the regional and central levels. In light of the limited training and financial capacity of the regional offices, MET should submit a formal request to MOF and OPM for the creation of accountants positions for each region on the staff roster of MET. In the meantime, accountants from the Directorate Administration and Support Services should be tasked as part of MET's deconcentration (decentralization) plan to move to the main regional offices. Additionally, measures should focus on the association of the regional offices in the discussion of the budget committee, the transmission of budget ceilings to the regional offices before their budget planning, and the dissemination of the appropriated budget ceilings.

115. **Increase public access to environmental information (e.g., through "The Access Initiative" (TAI)).** To continue MET's public consultation and engagement with stakeholders during the implementation of its SP, MET could be a champion by supporting TAI or any similar movement to reinforce public consultation and transparency in light of the implementation of its SP. TAI is a global coalition of civil society groups that promote access to information, participation, and justice in decision-making that affects the environment.[55]

[55] The coalition works to hold national Governments accountable for their commitments to these ideas as expressed in Principle 10 of the 1992 Rio Declaration and more recently in the 2002 Johannesburg Plan of Implementation. TAI partners use a common methodology to conduct national-level independent assessments of both law and practice.

2 a) Reinforcing local service delivery

116. **Clarify respective roles and responsibilities between MET, RCs and other involved Ministries.** Taking into consideration the limited technical and financial capacity of the RCs in the area of conservation and environmental management, MET's efforts could be focused on:

i) initiating and facilitating the process of streamlining key environmental legislation that would improve the workings of sub-national Governments;
ii) strengthening communication between MET, RCs and other involved Ministries to render law enforcement more effective and to clarify land ownership (for example the dune belt area at Walvis Bay);
iii) pursuing a close working relationship with the RCs;
iv) improving environmental awareness amongst high-level decision makers at local, regional, and central levels on the importance and vulnerability of Namibia's natural habitats and the need to address this through policy, legal, financial, strategic, and operational measures, and
v) using the opportunity (with the recent approval of the EMA) to vigorously strengthen the regularity and quality of EIAs.[56]

117. **Document and disseminate the "best practice" experience of Walvis Bay in other municipalities.** Until today, only two Local Authorities (Windhoek and Walvis Bay) have started implementing Local Agenda 21. MET should encourage and actively supports local authorities throughout Namibia to establish Local Agenda 21 mechanisms within their constituencies. The highly successful bottom-up experience of the Municipality of Walvis Bay could be replicated at other Municipalities. The documentation and wide dissemination of Walvis Bay's approach to local environmental management should be encouraged.

118. **Decentralizing some of the Ministry's functions.** It is recommended that MET focus on finalizing the Ministry's decentralization implementation plan that would lay out the devolution of some of the Ministry's functions to local authorities, e.g., the devolution of park management and CBNRM including consideration of alternative management systems (such as Public-Private Partnerships). This would need to be accompanied with local capacity building.

119. Supporting civil society based initiatives and organizations by forming partnerships with Governmental authorities in environmental awareness building and environmental management support provides another venue of increasing (local) service delivery (Example in box IV.1 below).

[56] See also SAIEA, Namibian Coast Conservation and Management (NACOMA) Project – Issues and options for institutional mandates, policies and laws relating to coastal management, July 2007.

Box IV.1: Interim Management Plan between Walvis Bay and Swakopmund

The establishment of the *Interim Management Plan* for the dune belt between Walvis Bay and Swakopmund is an example where concerned stakeholders, (consisting of private citizens, officials from local and RCs, law enforcement officers, and tourism operators) took the initiative to draft a plan of action that would help reduce the impact of holiday makers on the ecologically sensitive areas of the dune belt. The NACOMA Project actively supported the initiative. The example illustrates that civil society can manage the environment even in the absence of stringent laws. If such movements are officially supported, they can assume much of the non-core functions of MET on a cost-effective basis.

120. **Create a DEA Environmental Management position based in the Erongo Region (possibly at the Erongo Council)** to serve initially as MET's contact point for the coastal and environmental management.

2 b) Strengthening inter-ministerial, NGO-Governmental and donor coordination and harmonization

121. **The implementation of the Ministry's SP will need the participation of the development partners as well as other ministries** (e.g., MOAWF, the Ministry of Fisheries and Marine Resources, etc.) involved in the sector. It is therefore important that MET establish regular discussion forums and meetings. The Ministry could establish:

- an annual sector review, organized at the beginning of the fiscal year with the aim to update donors on sectoral priorities, review physical and financial progress and coordinate assistance. Apart from the development partners, other stakeholders including NGOs, MOF, and representatives of the private sector could participate in this review; and

- a roundtable every four months under MET's leadership to assist the sector in strengthening the dialogue with the donors and the efficiency of procedures. The review could also provide an opportunity for MET to discuss the implementation progress of the MCA funding and the areas of support needed to strengthen the Ministry's implementation capacity.

122. **A better coordination of activities with other Ministries would allow an increased contribution from other sector ministries to the financing and implementation of priority actions** identified in MET's programs and which offer strong synergies (e.g., coastal zone management, EIA, CBNRM, Tourism). In some specific areas, MET could maybe even become an executing agent for funds from other Ministries.

123. **Budget support is the preferred financing instrument by the GoN** allowing better alignment of aid to Government strategies and procedures, to render public

expenditures more efficient, and to harmonize donor assistance. Currently, the sector remains dependent on donors that, for the vast majority, still provide their support in terms of a project, each with their own specific modalities and procedures. The Ministry's efforts to strengthen its budget process and reporting while embarking on a comprehensive sector development program offer the opportunity to embark on a Sector Wide Approach Program (SWAP). Box IV.2 below is an example of how a CEA has supported a more broad development program (NREG) in Ghana. Budget support would allow the Ministry to reduce the transaction costs related to the preparation, implementation and monitoring of different donor projects. Convincing donors to modify their project approach towards sector-wide medium to long term funding arrangements will require as a precursor establishment of:

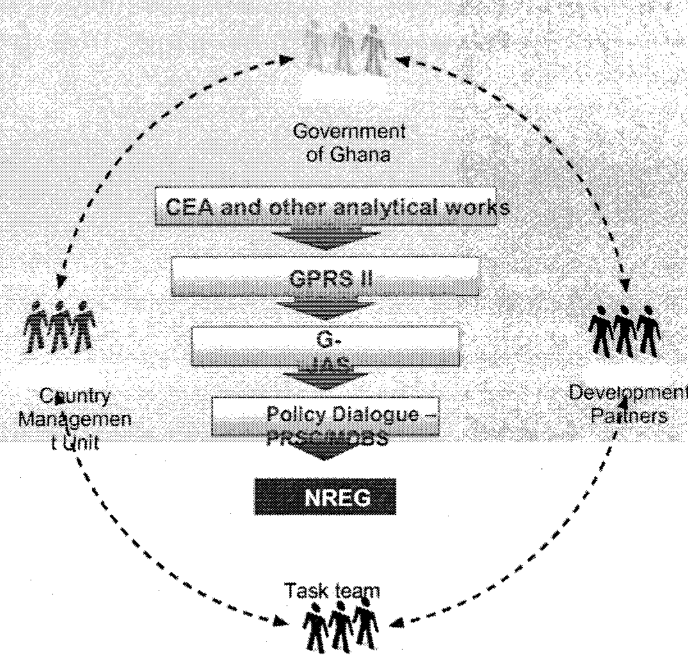
i) a comprehensive, costed, and prioritized sector expenditure framework to operationalize the SP and to orient investment in the sector, and

ii) an improved donor coordination framework.

At the same time, improvements in MET's budget management provides incentives for the donor community to focus on enhancing aid alignment and harmonization in line with the Paris declaration.

Box IV.2: Elaboration of a Natural Resources and Environmental Governance program in Ghana.

The Government of Ghana, in coordination with the World Bank and other partners, worked in 2006 on a Country Environmental Analysis. The success of this work came from the shift towards donor harmonization and budget support which created a new and favorable context. After months of multi-stakeholders dialogues and analysis work, it appeared that the added value was not only the report and its findings but also the fact that all stakeholders had engaged together into discussion around Natural Resources Management. The CEA provided a rationale for involving all partners in a broader dialogue and approach, moving to environmental governance. Through the process shown here, the Government and its partners decided to prepare and implement a new Natural Resources and Environmental Governance program.



Three key areas of governance were defined as well as the following objectives: (i) improving revenues management and transparency in forestry and mining, (ii) securing livelihoods in artisanal sectors, (iii) mainstream environment into growth. Several key pieces of sector work were undertaken to support this NREG: a Budget Support, an Aid Instrument and Environment Ghana Case Study (ODI, 2007), a Country Environmental Analysis (CEA, World Bank, DFID, RNE, AFD, 2007), a Ghana Environment Sector Study (GESS, RNE 2006), a Ghana Natural Resources Management and Growth Sustainability Economic and Sector Work (ESW, World Bank, DFID, 2006), and an annual ERPFMs. In addition, Ghana's first EITI report, on mining industry revenues was published in 2007.

The World Bank has been and will continue supporting countries in partnership with other development partners in engaging into sesctor and cross-sector budget support and broader approaches like NREGs, SWAPs, etc.

3. Improving the financial and budget management at MET

124. The Ministry of Environment and Tourism's Medium Term Expenditure Framework (2007/08) shows a return to the trend in the Ministry's funding after special budgetary allocations in 2006 and 2007. The question of options for funding Ministry's activities in the context of the Strategic Plan therefore becomes very pointed. The costing of this SP will need to be strengthened significantly before any gap analysis might be done[57]. Furthermore, the up-coming and high volume MCA funds related to tourism will have significant financial implications regarding the future operations and maintenance of the tourism investment program through adequate domestic resources. While the MCA will address some of the investment needs of the tourism sector, it is important to note that it does not deal with the institutional and capacity issues of the ministry and seems to be disconnected from the activities planned under the Strategic Plan.

125. **Hence, a key priority should constitute the preparation of an annual implementation plan** that derives from the Strategic Plan. This plan would include a list of prioritized activities that are attached with a budget, linked to the current and planned domestic and external resources (including the MCA) and embedded in MET's MTEF 2008/09. This, in turn, would allow the Ministry to identify the sector's financing gap for the fiscal year 2008/09. It would be also important to establish realistic and measurable benchmarks for each of the activities. **It can be assumed that the annual implementation plan will still result in a (more realistic) funding gap.**

126. **To mobilize more funds the MET can increase its revenues, focus on efficiency gains and strengthen its budget management as well as ensure resources are allocated according to MET's priorities and responsibilities**:

127. **Increasing revenue efficiency**. A periodic review and revision of Namibia's environmental and tourism related pricing system offers an option to improve MET's revenue collection (hunting permits, export head levy, and environmental certificate-, concession- and park entrance fees, etc.). Revenues could be increased mainly by

[57] Assessing the level of GDP financed by the sector should provide follow-up funds for identified gaps.

strengthening the collection efficiency (through the strengthening of the financial management capacity of the Chief Control Wardens at the regional offices, the introduction of a performance based incentive system, etc.). Some of these measures are currently applied, but for others, MET needs to mobilize support among the donors and MOF. Additionally, a particular focus should be given to reduce cash payments in the parks by (i) investigating the pre-paid systems similar to the Wild Card model used in South Africa), and (ii) establishing an IT system to better monitor collection at park entrances, accompanied with respective training.

128. **Strengthening budget efficiency**. Efficiency gains can be made by strengthening fiscal discipline (applying the GPS tracking system at the Parks and Wildlife Directorate in order to better control the utilization of cars, etc.) and enforcing more rigorous reporting duties at the regional offices.[58]

129. Another area to improve budget efficiency is MET's aid management which would further help strengthen the Ministry's strategic budget planning and execution performance. One of the main goals of aid management reform in Namibia is that the Government seeks to improve the coverage of externally financed assistance. **The following recommendations aim to assist MET in strengthening its capacity in aid management**:

i) MET and National Planning Commission Secretariat (NPCS) should establish a clear process of aid accounting to improve the documentation of MET's "outside" budget in the NPCS's development budget. As a first step, the Program Investment Forms should include all donor assistance, which is managed by MET. The NPCS, in turn, needs to ensure that the documentation provided by MET will be also effectively registered.

ii) It would be desirable for the donor community to assist the Ministry to install a customized management system that integrates monitoring and reporting for the multiple donor projects and for program performance for the national and sectoral priorities. This system could be used by the NPCS and other Ministries involved in the sector to improve overall donor aid documentation and harmonization.[59]

iii) To strengthen the unity and transparency of MET's budget, the implementation of the donor aid could be documented in the Ministry's quarterly disbursement reports and discussed during MET's quarterly meeting on the Ministry's budget execution.

130. It would be important for MET to strengthen its budget planning to better identify its needs and to defend well its funding position at the MOF and the development partners. Some of the key measures would be: (i) strengthening the budgeting capacity of the Parks and Wildlife, (ii) continuing to reinforce MET's budget programming and (ii)

[58] See Volume II of the CEA/PER.

[59] It is noteworthy that UNDP has provided support to the GoN in compiling data on external aid sources and content for the first time in 2007 but it is not clear if this information is transferred to and used by MET nor if this process will continue.

improving the preparation of the recurrent and development budget (e.g., by introducing a budget costing model).[60]

131. Lastly, it would also be important to establish a comprehensive and operationally-focused monitoring system to allow the Ministry to monitor and evaluate the efficiency and effectiveness of its programs. There is a need to strengthen PEMP indicators by linking them to MET's budget and programs.

132. **Increased support for MET's key function, park infrastructure, and institutional gaps.** The implementation of the SP constitutes an opportunity for the Ministry to reallocate some of its resources; particular attention should be given hereby to the DEA and the CBNRM sub-division. As the report highlighted, there is a strong need to increase budgetary allocations and ensure adequate staffing, but also to render the DEA more efficient. The same case can be made for DOT and the CBNRM sub-division. The CEA report flags the inadequate funding for operating and managing national parks infrastructure. Moreover, as mentioned above, the implementation of the SP (in particular the EMA and the new Concession Policy) as well as the MCA investment program require MET to train its staff and conduct capacity-building measures.

4. Areas of future advisory services and analytical work

133. The review identified the scope for further analytical work and advisory services to MET, both as new stand-alone activities and in the context of on-going or planned operations. These areas include (i) reviewing and fine-tuning the costing of the SP, (ii) developing MET's annual implementation and monitoring plan (format, process, and content), (iii) strengthening human resources management, in particular at the level of the regional offices, and lastly (iv) conducting a similar exercise in the other natural resource management sectors (including forestry, fishery, water, etc.) which all contribute to the national economy.

[60] See Volume II of the CEA/PER.

4.2. Action Plan

OBJECTIVES *AND EXPECTED RESULTS*	NUMBER	RECOMMENDED ACTIONS	TIMEFRAME [61]	ESTIMATED COST LEVEL IMPLICATIONS	RESPONSIBILITIES
ENHANCING MET'S LEADERSHIP IN ENVIRONMENT AND TOURISM THROUGH IMPROVED POLICY AND LEGISLATIVE FRAMEWORK		**1.A. POLICY-RELATED ACTIONS**			
Existing draft policies finalized and submitted for approval to Cabinet and Parliament	1.	Finalize the drafting of the **Tourism Policy** (including carrying out final consultations with the private sector, regional and local authorities); seek approval at MET level before submission to Cabinet and Parliament for approval.	**Short Term**	Low (funding secured)	DOT in coordination with DEA and Directorate of Parks and Wildlife Management, and in consultation with stakeholders (private sector etc.)
	2.	Finalize the drafting of the integrated **CBNRM[62] Policy Framework;** seek approval at MET senior management level.		Low (funding secured)	Directorate of Parks and Wildlife Management /CSD in coordination with DEA and DOT and consultation with non-Governmental service providers and regional offices and other stakeholders

[61] Short Term: up to 1 year, Medium Term: up to 3 years.
[62] Community-Based Natural Resource Management.

	3.	Seek approval at MET level for the **Human-Wildlife Conflict Policy** before submission to Cabinet for approval.		Low (funding secured)	Directorate of Parks and Wildlife Management in coordination with DEA and DOT and consultation with non-Governmental stakeholders (conservancies and service providers)
	4.	Seek approval at MET level of the **Policy on Protected Areas, Neighbors and Resident People** before submission to Cabinet for approval.		Low (funding secured)	Directorate of Parks and Wildlife Managementin coordination with DEA and DOT and consultation with local and regional stakeholders (LAs, RCs, private sector, conservancies and service providers, and other stakeholders)
New policies drafted and submitted to MET and Cabinet/Parliament prepared	5.	Draft the **Namibian Coastal Zone Policy (White Paper)** based on defined approach (first green then white paper, broad-based consultation and thematic input) and prepare for submission to MET, Cabinet, and Parliament for approval.		Medium (funding secured)	DEA in coordination with DWM, Directorate of Scientific Services, DOT and MFMR, MAWF, MLR, MTI, MRLGHRD, NPC, coastal RCs and LAs (ICZMC), and broad consultation with stakeholders
	6.	Draft a **National Climate Change Policy/Strategy** and Action Plan based on review of sectoral policies and legislation (agriculture, rural development, forestry, water), focus on adaptation and mitigation measures as well as development of vulnerability risk assessment criteria and prepare for submission to MET and to Cabinet and Parliament for approval.	**Medium Term**	Low (funding secured)	DEA in consultation with Directorate of Scientific Services, Directorate of Parks and Wildlife Management, DOT and MAWF, MLR, MFMR, MME, MTI, MHSS, MRLGHRD, NPC, and private sector stakeholders

	7.	Draft an **Urban Environmental Management Policy** to guide effective waste and water management including cleaner production issues and prepare for submission to MET and to Cabinet and Parliament for approval.		Medium (funding unknown)	DEA in coordination with DOT and Directorate of Scientific Services, MHSS, MTI, MAWF, MRLGHRD, and LAs, RCs and consultation with sectoral stakeholders at central and local level
	8.	MET to participate in drafting of **Land Use Planning Policy** under leadership of MLR through the Country Pilot Partnership on Sustainable Land Management (MET Chair).		Low (funding secured).	DEA in coordination with Directorate of Parks and Wildlife Management, Directorate of Scientific Serviices, DOT and **under leadership of MLR** in consultation with MAWF, MRLGHRD, and RCs
ENHANCING MET'S LEADERSHIP IN ENVIRONMENT AND TOURISM THROUGH IMPROVED POLICY AND LEGISLATIVE FRAMEWORK	**1.B. ACTIONS TO IMPROVE COMPLIANCE AND STAKEHOLDER DIALOGUE AND INVOLVEMENT**				
Existing documents and actions reviewed to guide policy development needs	9.	Review progress with implementation of **National Biodiversity Strategy** and Action Plan (Biodiversity Policy) to guide recommendations for a second phase National Biodiversity Strategy and Action Plan for 2010–2020.	**Medium Term**	Medium (funding unknown)	DEA in coordination with Directorate of Parks and Wildlife Management, DOT and Directorate of Scientific Services,, MAWF, MFMR, MME, MLR and in broad consultation with stakeholders involved in phase I

Compliance monitoring mechanisms for targeted policies at MET functional.	10.	Establish, ensure functionality, and periodically review validity of coherent **compliance monitoring systems** related to existing (CBNRM and EIA) policies and organizational responsibilities at **MET central and regional levels**.		Medium (funding unknown)	DEA in coordination with Directorate of Parks and Wildlife Management, DOT, and regional offices
ENHANCING MET'S LEADERSHIP IN ENVIRONMENT AND TOURISM THROUGH IMPROVED POLICY AND LEGISLATIVE FRAMEWORK	**1.C. LEGISLATION-RELATED ACTIONS**				
Existing draft legislation finalized and submitted for approval to MET and/or Cabinet and Parliament.	11.	Finalize drafting of the **regulations** to implement the **Environmental Management Act (EMA)** for MET approval.	**Short Term**	Low (funding secured)	DEA
	12.	Finalize the drafting of the **Parks and Wildlife Management Bill** for approval by MET before submission to Cabinet and Parliament for approval.		Low (funding secured partly)	Directorate of Parks and Wildlife Management in consultation with CBNRM and wildlife industry stakeholders
	13.	Finalize the drafting of the **Pollution Control and Waste Management Bill for** approval by MET before submission to Cabinet and Parliament for approval.		Low (funding secured partly)	DEA in consultation with MAWF, MTI, MME, MHSS, MRLGHRD, RCs, and LAs,
	14.	Finalize the drafting of **Access to Genetic Resources and Associated Traditional Knowledge Bill** for approval by MET before submission to Cabinet and Parliament.	**Medium Term**	Low (funding secured partly)	DEA in coordination with Directorate of Parks and Wildlife Management, Directorate of Scientific Services,, and in consultation with stakeholders
New regulations and new legislation drafted and submitted to MET and/or	15.	Draft **regulations** for **trade in wildlife** for approval by MET.	**Short Term**	Low (funding unknown)	Directorate of Parks and Wildlife Management in coordination with Directorate of Scientific

Cabinet/Parliament prepared					Services,
	16.	Draft **regulations** for the **Pollution Control and Waste Management Bill** for approval by MET.	**Medium Term**	Low (funding unknown)	DEA
	17.	Draft **integrated coastal zone management legislation and regulations** for approval by MET before submission to Cabinet and Parliament for approval.		Medium (funding secured)	DEA in coordination with DWM, Directorate of Scientific Services, and MFMR, MAWF, RCs, and LAs
ENHANCING MET'S LEADERSHIP IN ENVIRONMENT AND TOURISM THROUGH IMPROVED POLICY AND LEGISLATIVE FRAMEWORK	**1.D. ACTIONS TO IMPROVE COMPLIANCE AND STAKEHOLDER DIALOGUE AND INVOLVEMENT**				
Identified compliance monitoring mechanisms functional	18.	Establish, ensure functionality, and periodically review validity of **compliance monitoring systems** related to existing (CBNRM and EIA) legislation and organizational responsibilities at **MET central and regional levels**.	**Medium Term**	Medium (funding unknown)	DEA in coordination with Directorate of Parks and Wildlife Management, Directorate of Scientific Services, and DOT, and regional offices
MET's efforts to improve its procedural framework to implement existing policies and legislation effectively involve the private sector	19.	**Review role and responsibility of MET shifting from regulation and control and issuing permits to facilitation, extension support, and compliance monitoring** while the **private sector is taking on more responsible self regulations**, monitored by MET not only in the area of wildlife management and utilization on protected areas, freehold and communal areas, but also regarding tourism and mining investments, including environmental impact assessment, urban environmental management, granting	**Short Term**	Low (funding secured)	DEA in coordination with Directorate of Scientific Services,, Directorate of Parks and Wildlife Management, DOT and in consultation with private sector, and regional offices

		of concessions, etc.			
MET's coordination efforts with the regional and local Government strengthen compliance and expediting delivery of environmental services.	20.	Ensure regular **flow of information to** strengthen **coordination** between **MET/DEA and RC and LA** on implementation of EMA, CBNRM related policies and legislation, climate change and urban environmental approaches (e.g., Pollution Control and Waste Management Bill), and on participation in MET's policies and legislation review and development processes.	**Medium Term**	Low (funding unknown)	DEA, Directorate of Parks and Wildlife Management in coordination with RCs and LAs and regional offices
MET's coordination efforts strengthen its leadership on the environmental and tourism agenda.	21.	Engage with development partners (for example through an **annual sector and portfolio review meeting**) to review opportunities for increased efficacy and complementarity of interventions, gap analysis, and to mobilize support regarding the implementation **of a SWAP.** In a first phase, it would be important to i) clarify whether such a program is appropriate and useful for Namibia and then identify the prerequisites needed for the program (e.g., a sector expenditure framework, a donor coordination framework etc.) and ii) agree on how to put them in place. As such, the first "annual sector review" could be organized and chaired by MET, with Bank support, around the topic of public expenditures. It would include the major stakeholders and donor partners.	**Short Term**	Low (funding unknown)	PS in coordination with all directorates and in consultation with the development partners and NPC

	22.	Establish and lead regular (thematic) **intersectoral and inter-institutional discussion forums** (e.g., on a quarterly basis) and/or use other information tools involving other line ministries, regional and local Government, non-Governmental and private sector stakeholders: o to assist MET in effective and efficient implementation of the SP and contribution to NDP implementation, o to strengthen coordination of activities with other stakeholders in key environmental themes (coastal zone management, EIA, CBNRM, Tourism), and o to form partnerships regarding provision of services at local level to implement policies and strategies in place and contribute to implementation of the Civic Organisations Partnership Policy (2005, NPC).		Low (funding secured)	PS in coordination with and all directorates and regional offices and in consultation with the development partners, MAWF, MFMR, MME, MLR, NPC, and civic organizations
STRENGTHENING THE DELIVERY AND EXECUTION CAPACITY OF MET		**2.A. INSTITUTIONAL CAPACITY RELATED ACTIONS**			
MET's institutional and staff capacity is strengthened to deliver according to its	23.	Appoint the SP **Team Leader** and team colleagues. Team leader is expected to build on **CEA/PER recommendations in the context of MET's annual work plans.**	**Short Term**	Medium (funding partly secured)	PS

mandate and the broader environmental agenda.	24.	**Define** cost-effective focused **work program** of MET's **research institutions in Gobabeb and Etosha, strengthen** their **revenue base,** and include the **private sector** in **service provision**.		Medium (funding unknown).	Directorate of Parks and Wildlife Management and Directorate of Scientific Services, in coordination with DEA and DOT and in consultation with UNAM, and other line ministries
	25.	Dedicate **qualified MET staff** to actively participate in METs **donor supported interventions** (including participation in steering committees, review and use of project progress reporting, coordination and consolidated reporting to senior management, ensuring alignment of annual project/program work plans with the SP and CEA recommendations).		Low (funding secured)	PS in coordination with all Directorates

	26.	Develop a **phased Human Resources management and development plan** in support of the implementation of: i) new MET responsibilities under the **EMA**, in particular with regard to DEA's capacity to mainstream environmental assessment within Government at national, regional and local level, and in the private sector; ii) new MET responsibilities under the **Concession Policy** through the proposed concession unit; iii) the **CBNRM policy framework**; CSD role, in particular on M&E, needs to be strengthened and CBNRM capacity expanded in all MET's Directorates. iv) the **budget management training needs** at the **regional offices** related to MET's budget programming; v) MET's role in **environmental communication;** vi) MET's role in defining and disseminating **climate change risk assessment** for decision-makers. vii) the expansion of DEA's **environmental economics** and **natural resource accounting** to develop environment–economics for the most important renewable natural resources in the framework of Vision 2030 (water, wildlife, land); and viii) other upcoming, finalized and approved policies and legislation pieces.	**Short and Medium Term**	Medium (funding partly secured)	PS and DASS in coordination with all other directorates and regional offices
	27.	Ensure **review** and **up-dating mechanism of the HR plan** including recognition of forthcoming **decentralization implementation plan and final MET's restructuring** proposal	**Medium Term**	Low (funding unknown)	PS and DASS in consultation with all other directorates

	28.	**Develop and operationalize a MET Monitoring and Information System (MIS)** to collect, analyze, and disseminate MET internal and public information for planning, monitoring, evaluating, and reporting of activities and resources. The MIS needs to be linked to the MOF's IFMS and needs to incorporate PEMP data. The main users of the MIS for tracking progress are expected to be MET management.		Medium (funding unknown)	PS in coordination with all Directorates and regional offices, OPM, and MOF
	29.	Render the **National Environment Monitoring Desk** and the **EIS** operational.		Medium (funding unknown)	DEA in coordination with other directorates and non-Governmental stakeholders
MET's vacant key positions are staffed	30.	**Recruit a Director for DOT** and **fill** DOT **vacant positions (estimated four) for community-based tourism.**	**Short Term**	Medium (funding unknown)	PS in coordination with DASS and DOT
STRENGTHENING THE DELIVERY AND EXECUTION CAPACITY OF MET	**2.B. ORGANIZATIONAL CAPACITY RELATED ACTIONS**				
MET's organizational plan is improved to deliver according to its mandate and available resources	31.	Develop and implement a **DIP** according to established guidelines and submit for approval to MRLGHRD.	**Short –to Medium Term**	Low (funding partly secured)	PS
	32.	Review **MET's** current **role** in managing **GPTF** and assess the cost-benefits of an establishment of an outsourced management unit.	**Medium Term**	Low (funding unknown)	PS in coordination with Directorate of Parks and Wildlife Management and MOF
	33.	Review **MET's approach to management of the EIF** and the current viability of the fund under existing management arrangements.		Low (funding unknown)	PS in coordination with DEA and MOF

MET has established new structures to fill institutional gaps to deliver on the environmental agenda	34.	Establish a team within the DEA dealing exclusively with supporting the **planning, drafting, and monitoring of policies, legislations, and regulations**. This should be done by **establishing a process and a set of procedures** for policy development, approval, implementation, and (impact) monitoring, including identified responsibilities, timelines, consultations, and periodic review of policies.	**Short Term**	Medium (funding unknown)	PS in coordination with DASS and DEA and consultation with OPM, NPC, and MOF
	35.	Establish a **MET internal knowledge management unit** responsible for the **MIS** (see # 29) and to strengthen (first internal and later sector-wide) institutional learning to build necessary feed-back loops to mainstream improvements and changes at all levels.		Medium (funding unknown)	PS in coordination with DASS and DEA, and consultation with all directorates and regional offices
	36.	Establish a **Namibian Coastal Zone Management entity** in line with recommendations of the White Paper development process.	**Short to Medium Term**	Medium (funding unknown).	PS in coordination with all directorates and regional offices, OPM, and broad consultation with sectoral stakeholders
	37.	Establish a **Designated National Authority (DNA)** to regulate **CDM** related business.		Medium (funding unknown)	PS in coordination with DEA and Directorate of Administration and Support Services and OPM, and MOF
MET has implemented a Human Resource plan	38.	Negotiate with MOF **budget to implement identified needs in additional staff positions**.	**Short Term**	Low (funding secured)	PS in coordination with Directorate of Administration and Support Services and consultation with all directorates, OPM, and MOF

	39.	**Use budget increase to implement identified additional staffing priorities, organizational restructuring, and decentralization plan**, in particular for: (i) implementation of the EMA through the nomination of an **Environmental Commissioner** and ministry officials at national and regional levels as well as the establishment of the **Sustainable Development Advisory Council**, (ii) implementation of the SP (**Team leader**), (iii) establishment of a final **Concession Unit** (staffing, equipment, budget) and related **Concession Committee** and revised **responsibilities of DOT**; (iv) establishment of a **Planning and Monitoring/Knowledge Management Unit** (staffing, equipment, budget), (v) expansion of the **CBNRM and community-based M&E system, community-based tourism enterprise development program** (also related to management of the MCA investment program), etc. (vi) establishment of **accountant positions at MET's 13 regional offices** (vii) implementation of coastal zone management policy	**Short to Medium Term**	Medium–High (funding partly secured)	PS in coordination with all directorates and regional offices, Public Service Commission, OPM, and MOF
MET has improved delivery of public environmental knowledge and information	40.	**Public access to environmental information** is increased through the TAI initiative, an up-dated webpage, media, State of the Environment Reports and consultations, etc.	**Short to Medium Term**	Low (funding unknown)	DEA to coordinate with regional offices and all directorates

STRENGTHENING THE DELIVERY AND EXECUTION CAPACITY OF MET	2.C. LOCAL AND REGIONAL CAPACITY RELATED ACTIONS				
MET has reinforced local environmental capacity and service delivery	41.	Organize regular discussions with **RCs** and **line Ministries to clarify** respective **roles, responsibilities, and needs** (for example related to capacity strengthening of regional offices, rendering law enforcement more effective, etc.).	**Short to Medium Term**	Low (funding secured)	PS in coordination with all directorates, regional offices and in consultation with RCs and other Ministries (MAWF, MFMR, MME, MLR)
	42.	**Improve environmental and sustainable development awareness and knowledge** amongst decision makers at local and regional levels through either in-house information actions or outsourced environmental education and communication measures		Medium (funding unknown)	DEA in coordination with other directorates and regional offices, MRLGHRD, RCs, LAs, and stakeholders
	43.	Support improved local environmental planning, management, and monitoring through **sharing of knowledge on best practices (e.g.,** publishing and disseminating the **Walvis Bay Local Agenda 21** experiences).		Low (funding secured)	DEA in coordination with LA and regional offices
	44.	Create **a DEA/ Environmental Management Position that could be** based in the Erongo Region (at the Erongo Council), that would initially serve as the contact point for coastal environmental management.		Medium (funding unknown)	PS in coordination with DEA and Directorate of Administration and Support Services, PCS, MOF, and OPM
	45.	**Strengthen the regularity and quality of Environmental Impact Assessments** at the local level through MET's voluntary reviews.		Low (funding unknown)	DEA in coordination with regional offices and LAs, private sector

	46.	**Support** partnerships with civil **society based initiatives** and organizations in **environmental awareness building, environmental management, and provision of services.**		Low (funding unknown)	PS in coordination with all directorates
STRENGTHENING THE DELIVERY AND EXECUTION CAPACITY OF MET	**3.A. REVENUE RELATED ACTIONS**				
MET's revenues and revenue efficiency have been increased.	47.	**At park level:** **(i) Reduce cash payments in the parks** (by further establishing credit card payment systems and further investigating the pre-paid systems similar to the Wild Card model used in South Africa) **(ii) Establish an IT system** to strengthen entrance fee collection and monitoring at the park entrances, accompanied with respective training	**Short and Medium Term**	Low–medium (funding partly secured)	Directorate of Administration and Support Services in coordination with Directorate of Parks and Wildlife Management and PS and in consultation with MOF, FENATA, NWR, NTB, and private sector
	48.	**For other fees and GPTF related revenues:** (i) Review and potentially revise **MET's pricing system** for other fees (e.g., related to **hunting permits, export head levy, concession fees,** etc.) in order to raise more revenues while keeping the right incentives for conservation and community-based natural resource management. **(ii)** Set up the institutional arrangements needed for the collection of fees related to environmental clearance certificates.		Low - Medium (funding unknown)	PS in coordination with DEA, Directorate of Parks and Wildlife Management and DOT and in consultation with MOF, FENATA, NWR, NTB, and private sector

	49.	**Agree** with MOF that MET is not left with additional management and monitoring costs concerning concessions without a commensurate increase in its financial resources, especially if the number of concessions is increased. The establishment of a **dedicated fund for supporting concession-based enterprise development** could be pursued with the MOF should gaps be identified in existing support mechanisms.		Medium (funding partly known)	PS in coordination with Directorate of Administration and Support Services and DOT
STRENGTHENING THE DELIVERY AND EXECUTION CAPACITY OF MET	**3.B. BUDGET MANAGEMENT RELATED ACTIONS**				
MET's financial and budget management has been strengthened at national and regional level	50.	Reinforce **budget management at the regional offices** by integrating regional offices in budget planning at central level, providing in-house training, strengthening mid-year reporting and introducing the the integrated financial management system (IFMS) on trial basis at some of the main regional offices.	**Short Term**	Medium (funding unknown)	PS in coordination with Directorate of Administration and Support Services, Directorate of Parks and Wildlife Management, DEA, DOT, regional offices, and MOF
	51.	Align the annual **costing of MET's SP** with available and planned domestic and external sector funding and formulate and implement an annual implementation plan using the CEA/PER recommendations. The costing of the Strategic Plan needs to be strengthened significantly before any gap analysis might be done.		Low (funding secured)	PS in coordination with Directorate of Administration and Support Services, OPM, and development partners

	52.	Improve **financial control and accountability** by (i) applying the GPS tracking system at the Parks and Wildlife Directorate in order to better control the utilization of vehicles, (ii)discussing specific service modalities with Namibia Telecom to control the utilization of phones at the regional offices (similar to the approach carried out at the central level with the introduction of allocating credit limits to the staff), and to (iii) continuing to verify garage invoices closely and systematically.		Low (funding unknown)	PS in coordination with Directorate of Parks and Wildlife Management, regional offices, and MOF
	53.	Reinforce an integrated operational and development budget planning by **introducing a budget costing model.**		Low (funding unknown)	Directorate of Administration and Support Services in consultation with all other directorates
	54.	Improve use of **GPTF resources** by: **(i)** facilitating and expediting the approval of projects and **accelerating the disbursement of funds** **(ii) reviewing administrative and reporting procedures** in place(e.g. improving GPTF mid-year financial reporting) **(iii)** assessing cost-benefit of **outsourcing the management** .		Low (funding secured)	Directorate of Parks and Wildlife Management in coordination with Directorate of Scientific Services, and Directorate of Administration and Support Services, and MOF

	55.	Establish a **clear process of aid accounting and reporting** by: i) establishing a financial management system for donor aid that monitors and reports for the multiple donor aid projects, ii) integrating all off-budget donor programs in the Program Investment Forms that are submitted to NPCS, and iii) integrating donor aid disbursement in MET's quarterly disbursement reports	**Medium Term**	Low (funding unknown).	PS in coordination with Directorate of Administration and Support Services and in consultation with all other directorates, the NPC and development partners
	56.	Continue to strengthen effectiveness of **PEMP indicators by streamlining the indicators and ensuring their alignment with MET's budget and programs.**		Low (funding unknown)	PS in coordination with Directorate of Administration and Support Services in consultation with all other directorates, OPM, and MOF

MAP SECTION

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NAMIBIA

- SELECTED CITIES AND TOWNS
- REGION CAPITALS
- NATIONAL CAPITAL
- RIVERS
- TRUNK ROADS
- MAIN ROADS
- DISTRICT ROADS
- RAILROADS
- REGION BOUNDARIES
- INTERNATIONAL BOUNDARIES

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