

ICEIDA

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ICELANDIC INTERNATIONAL DEVELOPMENT AGENCY

ICEIDA

Annual Report 2003

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Contents

Foreword by Davíð Oddsson, Minister for Foreign Affairs	5
1. A Review of Iceland's Development Assistance and Participation in International Development Co-operation	6
ICEIDA Activities	6
Looking Ahead	11
2. The Policy of ICEIDA	17
ICEIDA'S principles and priorities	17
3. Highlights from the Home Office	19
Icelandic Partners in Development Co-operation	19
Trade Development Programme	20
Nordic Co-operation	21
Scholarships	21
Information and Public Relations	22
4. Financial Statement 2003	24
5. Partner Countries	25
Malawi	25
Malawi – Key Figures	26
ICEIDA's Development Co-operation	26
Support to the Health Sector	27
Support to Education and Social Development	29
Support to Higher Education	30
Support to the Marine Sector	32
Mozambique	35
Mozambique – Key Figures	36
ICEIDA's Development Co-operation	37
Support to the Fisheries Sector	38
<i>Department of Fish Inspection</i>	38
<i>Fish Inspection Laboratory in Maputo</i>	40
<i>Information and Training Centre (ITC) for the Fisheries Sector</i>	40
<i>Laboratory and Fish Administration Building in Quelimane</i>	40
<i>Fish Research in the Cahorra Bassa Reservoir – RV. Fengur</i>	41
<i>Mozambican Semi-Industrial Fisheries Project – Investment Component</i>	41
Support to Other Activities in the Fisheries Sector	42
Support to the Social Sector	42
<i>Co-operation with the Ministry of Women and Co-ordination of Social Action</i>	42
<i>Project Djombo ya Warime (Bairro dos Pescadores)</i>	43
AVIMAS – Association of Widows and Single Mothers	45
Support to the Health Sector	45
<i>Community Based Health Care Programme – Hindane</i>	45
Namibia	47
Namibia – Key Figures	48
ICEIDA's Development Co-operation	49
Support to the Fisheries Sector	51
Support to the Ministry for Fisheries and Marine Resources	52
Support to the Social Sector	53
Uganda	55
Uganda – Key Figures	56
ICEIDA's Development Co-operation with Uganda	57
Support to the Social Sector	59
Support to the Fisheries Sector	60
Support to the Energy Sector	61
Other Support	61
Annex 1.	62
Administration and ICEIDA's Employees in the Year 2003	62
Annex 2.	64
Annual Accounts for 2003	64
Annex 3.	68
Abbreviations	68



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Iceland Will Help in the Fight Against Poverty

In the United Nations Millennium Declaration, the leaders of the world stated their collective responsibility to uphold the global principles of human dignity, equality and equity. They also reconfirmed that they have a duty to all the world's people, especially the most vulnerable and, in particular, the children of the world.

The central element of the Millennium Declaration are the Millennium Development Goals, which represent an unprecedented level of consensus among the countries of the world on what constitutes our common goals in the fight against global poverty.

Next year, world leaders will gather in New York to review the progress made towards attaining the Millennium Development Goals. To make this major event a success, both developing and developed countries have to scale up their efforts. Developing countries must reinforce efforts to reform their economies, promote good governance, address capacity constraints and pursue sound poverty reduction strategies. Developed countries must increase the volume of development assistance, improve the effectiveness of assistance through better donor co-ordination, encourage investments in poor countries, and work for a successful conclusion of the Doha development agenda for global trade.

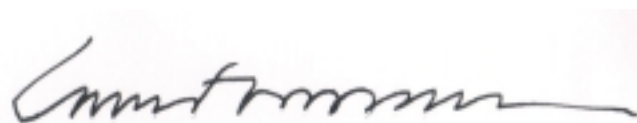
The Government of Iceland is fully committed to the achievement of the goals laid out in the Millennium Declaration. To this end, the Government has decided to increase Iceland's official development assistance to a level of 0.35% of GDP by 2009.

Recently the Icelandic International Development Agency has implemented reforms aimed at enhancing the effectiveness of its assistance. Through stronger field presence, clearer operational procedures, and increased co-operation with other development agencies, the Agency is now better equipped to participate in the expansion of Iceland's development cooperation.

Moreover, actions have been taken to reorganise Iceland's representation in our partner countries by transforming the Agency's country offices into diplomatic missions. This will facilitate the excellent work that Agency staff carry out in the field, and should be seen as a demonstration of the Government's aspirations to make global development an increasingly integral part of Iceland's foreign policy.

Achieving the Millennium Development Goals by 2015 requires determination, resolve and concerted effort by all countries of the world; both rich and poor, big and small. Iceland will shoulder its responsibility in this effort.

**Foreword by
Davíð Oddsson,
Minister for Foreign Affairs**



Davíð Oddsson

A Review of Iceland's Development Assistance and Participation in International Development Co-operation

An external review of Iceland's official development assistance and the country's participation in international co-operation was carried out in 2003. The review was undertaken in order to obtain a comprehensive overview of, and basis for, policy and strategy making as regards development matters for the Icelandic Government.

The review included an overall assessment of Iceland's bilateral development co-operation, including the activities of ICEIDA. Following is the report's chapter on ICEIDA: its organisation, procedures and co-operation projects.

Review of Bilateral Development Co-operation¹

ICEIDA Activities

A 1997 expert review report on Iceland's development assistance, states that ICEIDA's development co-operation has in many instances faced various difficulties in the initial stages. To some extent the problems were due to inadequate project preparation, policies were not always clear and project specifications and procedures were sometimes found wanting. In some instances consultation with recipient countries was inadequate, and not enough emphasis placed on clear definitions of contractual obligations and ensuring their compliance. However, the review report states that all these problems have been addressed and that ICEIDA's projects have been brought up to an acceptable level. In recent years further work has been done in this field. Project preparation and contracts now have a clear and organised structure and the same applies to the monitoring and evaluation of project implementation. The appointment of country directors as well as the work done in the country offices has facilitated the Agency's work and enhanced its capacity to achieve intended results. This should be kept in mind while reading the following chapter, which gives a broad outline of the Agency's principal projects over the last few years, their preparation and progress.

Fisheries projects have been the mainstay of ICEIDA's operations throughout the years. Apart from ancillary social projects they were, in fact, the only type of project undertaken by ICEIDA until the year 2000. Attention was initially focused on fish stock surveys and subsequently on the training of officers for fishing vessels and quality control of fish products. In three of ICEIDA's partner countries: Cape Verde, Malawi and Mozambique, the Agency undertook the construction and operation of fisheries vessels for research. In the fourth country, Namibia, the Agency assisted with the operation of such a vessel. In Uganda, the most recent addition to ICEIDA's group of partner countries, the support to this sector has so far been limited to quality control. Support for seamen's training has been prominent in Namibia for many years and, more recently, in Malawi. Furthermore, support of fisheries research in rivers and lakes and fish farming was initiated in Malawi under the auspices of SADC (the South African Development Community). This included fairly substantial scholarships granted

¹ *Iceland and the Developing Countries: A Review of Iceland's Development Assistance and its Participation in International Development Co-operation. Ministry for Foreign Affairs, 2003, pp. 23-28.*

to the Aquaculture Department at the Bunda College of Agriculture in Malawi. Support has also been provided for the survey and charting of Lake Malawi. A consultant on economic issues, including fisheries management, has been working for some time in the Ministry of Fisheries and Marine Resources in Namibia, initially in cooperation with SADC. An extensive project on marine product quality control is currently in progress in Mozambique and another similar project has recently been initiated in Uganda.

The majority of these programmes have now been in progress for a substantial period of time and have been subject to external evaluations. As regards the fisheries research which remains ICEIDA's primary activity, the conclusions are the same for three of the countries: Cape Verde, Malawi and Mozambique. ICEIDA is considered to have performed well, important information has been gathered, the operation of the research vessels has been made self-sufficient through engaging the vessels in commercial fishing in conjunction with research in order to cover costs. However, the results have not proved sustainable in any of these countries. Even though ICEIDA has made every effort to bring its involvement in the projects to a conclusion in an organised manner, the marine research and the operation of the research vessels became dysfunctional as soon as the Agency left. On the other hand, the discovery of new fishing grounds in Lake Malawi did lead to the development of efficient trawling in the lake. It should be noted that in these three countries the ICEIDA projects have been parts of extensive projects in the fisheries sector organised by, inter alia, the World Bank, the Nordic Development Fund (NDF) and the development agencies of the other Nordic countries. According to the assessments made by these institutions, the overall results of the projects failed for the most part, although individual components, including those supported by ICEIDA, were well executed. In Namibia, where a substantial number of countries have provided assistance of this kind, the prospects for sustainable results are better than in the other countries mentioned. Modern fisheries were, in fact, quite well developed in Namibia before the assistance began, and it is possible that such a foundation of experience and knowledge is a prerequisite for the achievement of results from development co-operation in this field.

The experience gained from fisheries-linked educational and training projects has shown that initially the assistance mainly consisted of taking responsibility for teaching and administrative work in schools rather than helping the schools to become self-supporting. This was subsequently changed and current plans call for the phasing out of the projects over the next two years or so, after which the schools should be fully operational and staffed with locally trained personnel and administrators, provided that sufficient domestic funding is made available. Another issue concerning the educational projects is the scope of the need for training, which has been difficult to ascertain. In projects involving quality control, which is crucial for fish exports in Mozambique and Uganda, it has proved difficult to recruit domestic staff and funding for the project to the extent planned. In particular, it has proved difficult to establish a system of regular payments from the users of the service. However, it is too early to evaluate results in this field.

Even though ICEIDA is currently not active in ocean and lake research, other fisheries projects, principally in the fields of training and quality control, account for slightly more than one half of ICEIDA's project expenditures in 2002 and 2003. The new fields which constitute the other half of ICEIDA's projects primarily involve health-care and social issues, the latter focussing on various minor social support projects in which the Agency had previously been involved. In 2002 and 2003 each of these categories represented approximately one fifth of total project expenditures, respectively. The most prominent project in this field is the

The appointment of country directors as well as the work done in the country offices has facilitated the Agency's work and enhanced its capacity to achieve intended results.

construction of a rural hospital in Monkey Bay in Malawi, currently ICEIDA's largest project. In Mozambique the construction of a rural health-care centre has recently been completed in co-operation with the Icelandic and Mozambican Red Cross societies. Work in the social sector was first started in Namibia, consisting of support for adult literacy education and community centres. Adult literacy programmes have subsequently been initiated in Malawi and Uganda as well. It is interesting to note that ICEIDA has not involved itself in geothermal projects to any great extent, even though Icelanders are regarded as possessing extensive expertise in this field and the fact that the Geothermal Training Programme of the United Nations University (UNU), which is operated for the benefit of the developing countries, is based in Iceland. The only such example is a research project which was carried out in Uganda a number of years ago, and is currently being re-examined.

In the sections above, ICEIDA projects have been categorised and discussed on the basis of the sector to which they belong, namely fisheries, health care and social issues. There is good reason, however, to examine the division of costs for these projects, i.e. how large a part of the expenditures involved are wage payments and other expenses related to Icelanders providing technical



assistance, and to what extent do they involve payments for facilities and equipment and remuneration for the services of local people engaged in the projects. The answer to that question is that the largest part of the funding goes to pay for technical assistance provided by Icelanders. In 2002 approximately two thirds of project funding went towards payment of wages and other expenses for technical assistance, while just under one third was spent on facilities, equipment, grants and salaries of local project personnel. In view of the high cost of outside technical assistance, ICEIDA is increasingly seeking ways to change this. One option is to focus on short-term visits from Iceland instead of long-term stays in the partner countries in conjunction with an increase in the work contribution of local experts who can be trained during visits and use the Internet for communications between visits. This is precisely what has been done in projects such as the lake surveys in Malawi and processing of statistical data in Namibia. Such arrangements are becoming easier to realise because of the fact that ICEIDA now has country directors in each partner country who are in a position to monitor the projects.

ICEIDA has been perceived as having an advantage over other development agencies in that it can, owing to its smallness and the smallness of Iceland, react sooner to requests than other agencies and is better able to adapt to circumstances. On examining ICEIDA projects it is clear that the Agency has made

According to the assessments made by these institutions, the overall results of the projects failed for the most part, although individual components, including those supported by ICEIDA, were well executed.

use of these advantages in its choice and implementation of projects. On the other hand, this, together with a tendency to save on administrative costs, has meant that the projects have not always been sufficiently prepared. Finalised project documents have not always been ready at the outset of projects and have not always been as detailed as they should have been. In some cases project documents have never been finalised. The same applies to terms of reference for ICEIDA employees. This has given rise to misunderstandings and delays in the implementation of projects and made it difficult to monitor progress and evaluate the final outcome. In recent years operation organisation has improved as international procedures and best practices concerning the preparation and monitoring of projects and the assessment of their effectiveness have been followed. Moreover, the establishment of country offices has facilitated negotiations and communications with the respective partner states.

From the beginning ICEIDA has, in order to make the bulk of its funds available for the actual implementation of projects, taken great pains to minimise administrative expenses, especially any expense relating to the main office in Iceland. This policy however, needs to be reconsidered. It is immaterial whether administrative expenses, as such, derive from the main office or the country

Photograph: Guffi



offices, or whether they are accounted for as part of project costs or general expenses. Finding means to utilise development assistance as effectively as possible is an administrative task. Administrative expenses which result in less expensive project implementation and increase more development effectiveness give more added value than project expenditures which cannot be used to full effect.

The fisheries projects which have formed the core of the operation of ICEIDA to date are the only projects which have reached the stage where permanent results can be assessed. This refers particularly to projects pertaining to research of marine stocks and which involve the development of research institutions and the operation of research vessels. The conclusion concerning the three principal projects of this kind is that ICEIDA performed its part of the projects well but in spite of this did not attain sustainable results. It is important to examine the reasons for this. Are the circumstances in the countries themselves to blame, shifts in the political climate, financial inadequacy, weak administration and underdeveloped fisheries? It is likely that all the above circumstances must have played a role, but in that case they should have been taken into account during the planning and implementation of the projects. In fact, ICEIDA regarded each case as a delimited and isolated task and considered it enough to hire a certain number of educated marine biologists and provide a research vessel of an appropriate size as well as a crew capable of operating the vessel. The solution

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was to obtain the vessel and hire Icelandic marine biologists and seamen to work on the vessel while local personnel was being trained to take over the positions. In a few years everything could be ready, a research laboratory equipped with the necessary equipment and staffed with educated marine biologists and an operational research vessel with a trained crew would be available. It subsequently became clear, however, that circumstances did not permit the activities to be conducted in the anticipated manner. This raises an issue which has been prominent in development co-operation in recent years, and is referred to as "ownership". It is not enough to deliver to the developing country the finished project. Rather, the country must, all the way from the beginning, own and control the project, irrespective of how imperfect the control may prove to be. The role of the other party in the co-operation is to assist in the development process through the dissemination of knowledge and guidance, as appropriate, and through providing the funds needed without resorting to interference or assuming control of the project. At the same time, the donor must be convinced that the partner country has established an appropriate strategy in relation to the issue in question and is fully committed to implementing that strategy. Furthermore, the nature of development co-operation of this type is that the parties involved may have to accept slow progress for long periods in the hope of achieving permanent results in the end.

It is not only in fisheries that the criteria described above apply. The SADC projects originated by the Nordic countries, which represented ICEIDA's first steps in development co-operation, were cut of the same cloth, resting principally on Icelandic technical assistance which involved administration rather than guidance, lacking active interest and participation by the SADC countries themselves. Also, Icelandic consultants undertook both training and partial administration in the maritime colleges in Namibia and Malawi. This situation was not changed in Namibia until after quite some time, but in Malawi difficult experience led to an early restructuring of the project. In the Monkey Bay health care project, currently under way, attempts to gain active participation from the local populace have also been unsuccessful despite close co-operation with the Ministry of Health during the preparation stages, which has resulted in the fact that the new buildings have only been partly taken into use. Close relations with the local populace have, on the other hand, been attained in the social projects that ICEIDA started in Namibia, and which have subsequently been undertaken in Malawi and Uganda. The initiative in these projects has come from non-governmental organisations (NGOs) or public activities supported by the participation of the recipients of the assistance. The role of ICEIDA has been to provide facilities and data, guidance on arrangements and financial support for activities carried out by the locals themselves.

It has also been ICEIDA's position that the partner country should assume full control of the activities of its projects following completion as well as responsibility for all operating costs. This handover represents an important milestone, as it is at this point that it becomes clear whether the partner country is able to shoulder the obligations imposed on it by the completed project. These milestones have frequently been delayed for ICEIDA's projects because of their scope. However, if the partner country's ownership is ensured from the outset the transfer process should not be as burdensome. No actual handing over of a completed project takes place; instead, the need for guidance and funding slowly diminishes over time. In a situation of this kind there is less reason to differentiate between implementation costs and operating costs. Investment and operation go hand in hand and financial assistance accrues as part of the total costs.

When Icelandic development assistance began it was anticipated that it would take the form of a transfer of Icelandic knowledge and experience, and payment

for Icelandic technical assistance and Icelandic manufacture, such as fishing vessels and their equipment. Icelandic contributions were to be visible in the shape of buildings, equipment and trained personnel in institutions which would be handed over to the partner country for operation and use. Development assistance of this type is now being faded out and replaced by the principle of partner country ownership, and emphasis on a general budget support and programme approach. Adapting to these new circumstances will be one of the main tasks of Icelandic development assistance in the coming years.

Looking Ahead

A resolution approved by the Icelandic Government in 1997 laid the foundation for an increase in the activities of ICEIDA over the next five years. ICEIDA was now in a position to seek new projects and prepare them within the framework provided by the government. Activities were initiated in new partner countries and in new fields. In 2001, however, the depreciation of the Icelandic króna (ISK) meant that the Agency was unable to carry out its plans and meet its obligations without increasing the allocation of funds in ISK in excess of previous budget provisions. This situation was remedied through the supplementary budget late in the year, but there were no further increases in funding, neither in 2002 nor 2003. This constituted a divergence from the Icelandic Government resolution of 1997, which assumed a continuing increase in funding over the course of these two years. During 2002 and 2003 the issue of funding for the Agency was unclear until the passing of the fiscal budget. ICEIDA could not be sure to what extent it would be able to follow up on the projects already in progress, long-term planning, as provided for by regulatory requirement, could not take place and the preparation of new projects had to be delayed.

It is difficult to pinpoint the reason why the implementation of the government resolution in question was not more successful, except to the extent that the depreciation of the Icelandic króna had an effect. In Iceland, as in other countries, the fiscal budget is approved for only one year at a time. However, it must be assumed that every effort will be made in order to carry out established government policy during the preparation of the fiscal budget, especially when a formal governmental resolution is involved. It is, however, an issue of paramount importance to place ICEIDA once more in a position which makes it possible for the Agency to plan ahead, organise its activities for the next few years and initiate preparations for new projects.

It is the opinion of the authors of this report that because of Iceland's participation in international resolutions, its international reputation and its close ties with other Nordic countries, Iceland cannot allow itself to set lesser goals in development assistance than the commitment to attain, over the next few years, the average of the aid contributed by the industrial countries. This average was 0.22% in 2000 and is increasing in line with recently passed international resolutions. For the purpose of this report it may be assumed that this percentage will reach 0.30% by 2006 and that Iceland will set itself the goal of attaining this percentage by that year. This would be close to the goals set for themselves by the southern European nations, Greece, Portugal and Spain. Even if Iceland reaches this goal there is still a long way to go before the contributions of the other Nordic countries are matched.

The increase in Icelandic development assistance under discussion here would most likely have to be divided more or less equally between multilateral and bilateral assistance. According to the decisions already in place and the ideas put forward in this report, multilateral assistance, including peace-building

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Photograph: Guffi

operations (the Icelandic Crisis Response Unit), would increase from 0.10% of GDP to 0.19%, which, calculated in ISK, would correspond to an increase from approximately ISK 800 million to approximately ISK 1,650 million, at 2003 price levels. The scope of ICEIDA activities would also have to double, corresponding to an increase from approximately ISK 500 million to ISK 1,000 million and from 0.06% of the GDP to 0.11%.

An increase of this magnitude in the activities of ICEIDA is not an easy task and cannot be accomplished overnight. A decision must be made regarding the organisational position of the Agency within the State Government and on the details of the structural changes required by such a decision. Moreover, a conclusion must be reached concerning proper procedure in light of the current trends in development co-operation, potential partner countries must be evaluated and, last but not least, suitable projects must be identified and prepared. However, all this must be based on the assurance that there will not be any deviation from the policies set by the government as regards funding to the Agency.

The following is a list of the principal issues that we believe ICEIDA must keep in mind for the preparations outlined above. It must be pointed out that ICEIDA



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already operates in accordance with most of these principles. They are all listed here, however, in the interest of completeness and clarity.

1. It is advisable that ICEIDA should continue to operate in a limited number of countries, particularly in southern Africa, where the need for development assistance is great and where ICEIDA has long-standing experience on which to base its work. Nevertheless, a presence in countries other than the current partner countries should be considered and should also include other parts of Africa or other continents. Partner countries ought to be selected on the basis of their own requests for assistance and their need for such assistance, while taking into account the extent to which their governance might be an impediment to results. Long-term relations should be aimed at and programmes and projects should not be concluded until results can be regarded as sustainable.
2. ICEIDA should examine the general economic policies pursued in the partner countries, as well as sectoral strategies, as they are developed in consultations between the countries in question, international agencies and donor countries. ICEIDA should participate in the general debate concerning such policies and strategies conducted among the Nordic

Partner countries ought to be selected on the basis of their own requests for assistance and their need for such assistance, while taking into account the extent to which their governance might be an impediment to results.

countries and at meetings with donors and the governments of the countries themselves organised by the United Nations Development Programme (UNDP) or the World Bank. The knowledge so obtained should be used to identify suitable projects for Icelandic development co-operation and steps should be taken to disseminate information concerning the nature and scope of the assistance that Iceland is capable of providing.

3. Regular contact should be maintained with the World Bank in Washington through the Bank's Nordic-Baltic office. Also, contact should be maintained with the representatives of the World Bank in the countries where ICEIDA operates. In this way, opportunities for participation in the Bank's projects, or in other related projects, can be monitored. The same applies to the UNDP in New York and the UNDP resident representatives, to the NDF in Helsinki, as well as the Food and Agriculture Organisation (FAO) and the International Fund for Agricultural Development (IFAD) in Rome, especially in the event that a permanent Icelandic representation is again established in Rome.
4. Projects should be carefully prepared with adequate feasibility studies and proper agreements together with project documents relating to technical assistance, which should be completed before work is started. The overall objectives of the projects should be precisely defined, and short-term targets should be identified in order to facilitate closer supervision. Country Directors should regularly monitor all projects, even when there are project managers in the field, and progress reports should be prepared as required, including, in due course, a project completion report.
5. In the course of project appraisal, negotiations and implementation, the partner country's ownership of ICEIDA's projects should be emphasised. Projects should be based on a request submitted by the country in question and form an integral part of its overall strategy. The country itself should be responsible for the project and its management. The role of ICEIDA should be to act in an advisory and financing capacity.
6. A strategy should be drawn up which is designed to minimise the extended presence of Icelandic technical experts and to increase reliance on short-term visits and contact through the Internet between visits under the supervision of ICEIDA country offices. The service of local experts should be utilised when feasible, as well as the temporary services of non-Icelandic technical experts, when appropriate.
7. Where the training of local experts forms a part of a programme, consideration should be given to the question whether this could be effectively carried out in the UNU training programmes, in Icelandic schools, in Icelandic public institutions or in private enterprises. This should not, however, preclude support for training in the partner country itself, neighbouring countries or elsewhere if this is more suitable than training in Iceland. It must be ensured that training does not conflict with other parts of the implementation of a project; to give an example a prospective counterpart of an Icelandic consultant must not be sent for training at the same time as the consultant commences work.
8. Financial support granted by ICEIDA should not be limited to actual construction work; instead, it should be aimed at strengthening the institutions and activities involved. The support should be permitted to extend to operation and recurrent costs as well as capital investments in

In the course of project appraisal, negotiations and implementation, the partner country's ownership of ICEIDA's projects should be emphasised.



Photograph: Guffi

buildings, equipment or human resources if this is considered necessary to secure sustainable results. The emphasis, therefore, should not be on the final conclusion of a project at a specific stage. Instead, the continued potential need for support ought to be considered, whether of a financial or an advisory nature. Agreements to this end should then be concluded and should aim for the gradual withdrawal of support as results are secured.

9. Provisions should be made to provide ICEIDA personnel with training before they take up their posts as well as during the course of their careers. This training should take the form of participation in courses or temporary postings with other development agencies or international organisations, as applicable.
10. Provisions should be made to strengthen ICEIDA headquarters through the engagement of part-time specialists, or, as appropriate, full-time specialists in the fields in which the Agency is engaged. This would provide the Agency with access to the services of experts in fields such as fisheries, health care, education and social affairs who can provide guidance on project selection and monitor their implementation and results.
11. In recent years, professional discourse on development issues and development assistance has increased within ICEIDA. The establishment of ICEIDA 's country offices, together with the prospective strengthening of its headquarters, opens up the possibility of extending such professional discourse even further, which could, inter alia, result in more detailed strategic planning on the part of the Agency in individual areas of operation and in individual partner countries. Such strategic planning should be carried out in full co-operation with the Ministry for Foreign Affairs and proposals submitted to the Board of Directors of the Agency.
12. In order to facilitate co-operation by ICEIDA with non-governmental organisations and the utilisation of services offered by consulting firms and contractors, a legal opinion should be sought as regards the extent to which such entities can be entrusted with the implementation of projects in light of the provisions of Article 4 of the ICEIDA Act to the effect that the overall administration of projects must always rest with the Agency. This should be followed up by an amendment to the Act, if necessary, to permit relations between ICEIDA and such entities in line with the substance of Article 4. The provisions of Article 7 of the Act concerning taxation should be reviewed for the same reason.

Provisions should be made to strengthen ICEIDA headquarters through the engagement of part-time specialists, or, as appropriate, full-time specialists in the fields in which the Agency is engaged.

The Policy of ICEIDA

Poverty reduction is the overall objective of Icelandic bilateral development assistance; see the ICEIDA Principles and Priorities in the box. ICEIDA also emphasises training and capacity building.

ICEIDA's co-operation has mainly been in the form of development projects. Project assistance aims at achieving specific development objectives within a given budget and time frame and normally includes financial, technical and material support. The aim of the assistance always is to support the partner countries in capacity building.

Although the ICEIDA assistance is project oriented all activities are to be in line with the partner countries, priorities and policies as regards poverty reduction.

ICEIDA's priority is to assist those countries declared by the United Nations (UN) to be the least developed. It is ICEIDA's policy to focus its efforts in few areas and in projects or programmes rather than supporting whole sectors or providing budget support.

During the last few years ICEIDA's monitoring systems have been strengthened by utilising qualitative as well as quantitative measures and evaluations, in order to give valuable feedback on the impact of the development projects and directions for future co-operation.

ICEIDA'S principles and priorities

- To help people achieve self-sufficiency through capacity building and improving general knowledge and practical know-how, based on the needs of the recipient country.
- To make a contribution towards sustainable development, economic growth, equality, independence, democracy and human rights.
- To assist with the improvement of the living conditions of the poorest, of whom women and children are the vast majority, through increasing development co-operation in the health, education and social sectors.
- The co-operation shall take both the needs of the recipient countries and ICEIDA's aims into consideration.
- The co-operation shall be based on equality and shall not violate the cultural values of the co-operating partner.



Photograph: Sjöfn Vilhelmsdóttir

Highlights from the Home Office

Icelandic Partners in Development Co-operation

The Icelandic official development assistance rests on two pillars, with ICEIDA responsible for bilateral development assistance and the Ministry for Foreign Affairs responsible for multilateral assistance including relations with international organisations such as the World Bank and various UN institutions. With the establishment of a special department responsible for multilateral development assistance within the Ministry of Foreign Affairs in 2003, co-operation and consultations between ICEIDA and the Ministry on matters related to development assistance have increased significantly. The increased co-operation is reflected in the decision to upgrade the ICEIDA country offices to diplomatic missions starting in 2004. The country offices' new status will facilitate ICEIDA's activities through improved access to government authorities and participation in consultation and co-operation with other donor agencies in the partner countries. Another aspect of the close co-operation is the Ministry's decision, in 2003, to seek Iceland's membership in the OECD's Development Assistance Committee (DAC) as part of the country's endeavour to assume increased responsibilities within the realm of global development. ICEIDA and the Ministry have worked closely together during the application process which is expected to be finalised in 2005. Finally, as part of furthering co-operation between the two parties, monthly high-level consultations are conducted and a representative from the Ministry now attends ICEIDA's Board meetings with observer status.

Under the co-operation agreement between the Icelandic Federation of Labour (IFL) and ICEIDA signed in 2002, the IFL financed the writing of teaching materials for small business courses in Uganda in 2003. The courses were integrated into the adult literacy programme ICEIDA supports in Sesse islands at Lake Victoria. Additionally, IFL provided funds to the ICEIDA supported community hospital in Monkey Bay, Malawi, for food and medicine.

The collaboration between ICEIDA, the Icelandic Red Cross and the Mozambican Red Cross in implementing the Community Based Health Care Project in Hindane continued in 2003. The Project has had a great positive influence in the community of Hindane and has enhanced the Mozambican Red Cross' institutional capacity.

The Icelandic Church Aid and ICEIDA continued their co-operation project improving health through work on sanitation and water supplies in the Tete province in Mozambique. The Lutheran World Federation in Mozambique is responsible for the implementation and the Project will terminate by the end of 2003. ICEIDA and the Icelandic Church Aid have started discussions on possible new co-operation projects in 2004.

ICEIDA and the University of Iceland signed a general agreement on co-operation in 2002 with the goal of strengthening development studies and research at the University. Under the agreement ICEIDA has decided to fund the position of an Assistant Professor in Development Anthropology in the Faculty of Social Science at the University. Also, as part of the co-operation, ICEIDA and the University, together with the Ministry for Foreign Affairs hosted a seminar on development

The increased co-operation is reflected in the decision to upgrade the ICEIDA country offices to diplomatic missions starting in 2004.

assistance, *The Rich and the Poor*, in September 2003. The keynote speaker at the seminar was Professor Jeffrey Sachs, director of the Earth Institute at Columbia University in New York. The seminar was well attended and received wide publicity.

ICEIDA has for a few years facilitated funding from the Lions Club of Njarðvík, in South West Iceland, and from the Soroptimist Club of Reykjavík for supporting 40 female students at the Lisumbwe Secondary School in Monkey Bay, Malawi. The two clubs have pledged their support for four years. The support includes funding for school fee disbursements and travel grants for students.

Trade Development Programme

The three years pilot phase of the Icelandic Business Development Programme² (IBDP), came to a close by the end of 2003. The IBDP was a joint venture between ICEIDA, the Ministry for Foreign Affairs and the New Business Venture Fund. The programme has now been made an integral part of the operations of the Overseas Business Services of the Ministry for Foreign Affairs. The programme's role is to promote business relations between Icelandic companies and developing countries.

As in the previous two years, the programme emphasised the introduction of the various international financing institutes (IFIs) to Icelandic companies and consultants and so organised a number of seminars, both general and thematic with IFIs, such as the World Bank, the International Finance Co-operation (IFC), the European Bank for Reconstruction and Development (EBRD) and NDF.

IBDP visited two countries in 2003, Russia and Uganda. The former visit was organised by the World Bank Enterprise Outreach Programme for the Private Sector Liaison Officers and emphasised meetings with people in the private sector and Russian officials working with private sector issues and enabling environment. The visit to Uganda was organised by ICEIDA and was a part of its annual visit to the country. Good contacts were made with important institutions, local and international organisations, foreign embassies as well as trade and business contacts.

As a direct result of the visit to Uganda, representatives of the Uganda Investment Authority came to Iceland in late November and held a business seminar on Uganda for the Icelandic private sector. The seminar was well attended and a number of good contacts were made and project ideas were discussed with various parties. Already some follow-up has been made and a couple of projects are likely to be actualised.

A one-two year co-operation project was launched in August in Jinja, Uganda, with the participation of IBDP, ICEIDA, The New Venture Fund, The Icelandic Trade Council and four Icelandic private sector companies in the fish industry. The project evolved around providing an Icelandic consultant to Gomba Fishing Industries Ltd. in the area of start up and operation of Gomba's new fish processing plant. The overall aim of the consultancy work to Gomba Fishing Industries was to bring the new factory up to speed in its production and product development; to transfer relevant know-how and to train Gomba's managers and other relevant personnel to take over the operation. The consultant was also to work for the Icelandic participating companies by working to introduce their machinery and technical solutions to other fish processing companies in Uganda and in the countries around Lake Victoria.

IBDP played a key role in introducing the University of Iceland to a new World

As a direct result of the visit to Uganda, representatives of the Uganda Investment Authority came to Iceland in late November and held a business seminar on Uganda for the Icelandic private sector.

² *The Icelandic Business Development Programme is run in co-operation between ICEIDA, the Ministry for Foreign Affairs and the New Business Venture Fund. The project was launched in January 2001 and will be evaluated three years after and a decision taken on the continuation.*

Bank programme called E2AND, which focuses on academic research, dialogue and co-operation on development issues. The University became a founding member of the group and co-organised with the World Bank a seminar on development issues at the University in Iceland.

Continued effort has been put into updating the projects homepage <http://www.icebiz.is/> and the database constructed for Icelandic companies and consultants interested in working on IFI's projects and doing business with developing countries has increased in size. The database, <http://www.icebiz.org/>, has been circulated to the various IFI project managers in an effort to make Icelandic companies and expertise more easily available in those circles.

IBDP also continued to regularly disseminate information regarding pipeline projects, ICBs and relevant business opportunities and conferences on developmental issues to Icelandic companies.

Nordic Co-operation

The co-operation with the Nordic countries and with the Nordic Plus Group³ continued to play an important role for ICEIDA in 2003.

In June ICEIDA hosted the yearly meeting of the Directors General of development agencies and ministries of the Nordic Plus Group. ICEIDA attended the Nordic Plus Group's Directors General meeting on donor harmonisation in November in spite of the fact that the Agency does not take part in the Group's harmonisation programmes. Additionally, a representative from ICEIDA participated in the Group's seminar on the role of civil society in development co-operation in December.

ICEIDA has one member on the Programme and Research Council of the Nordic Africa Institute (NAI) and pledges a yearly contribution towards the activities of NAI amounting to approximately one percent of the contribution of the other Nordic countries to NAI (Sweden's administrative part excluded).⁴

ICEIDA participated for the third year in the Nordic countries' support to the INTOSAI⁵ Development Initiative. This means funding from ICEIDA amounting to about 21.500 USD annually for a period of three years for "basket funding".

Scholarships

ICEIDA continues to support students from the partner countries in Africa. The majority of the students study at secondary schools and universities in Africa while there are always some students who get the opportunity to visit Iceland for short-term practical training or graduate studies at the University of Iceland. The scholarship programme is also aimed at building bridges between Iceland and the partner countries in Africa, as well as at increasing mutual knowledge about the people and the culture, and creating friendship between individuals.

Three students received scholarships to study in Iceland in 2003. A student from Mozambique proceeded with her Master of Science studies in microbiology at the University of Iceland. A Navigation instructor from Namibia received a 12-month scholarship to attend the UNU Fisheries Training Programme in Reykjavik and to receive on site training on board on Icelandic fishing and cargo vessels and with the Icelandic Coast Guard. And finally, a lecturer from the Mpwapwe Malawi College of Fisheries in Malawi received a scholarship to attend the UNU Fisheries Training Programme.

Three students received scholarships to study in Iceland in 2003.

³ The Nordic Plus Group consists of the Nordic countries, the Netherlands, UK and Ireland.

⁴ For further information on NAI: www.nai.uu.se

⁵ INTOSAI stands for the International Organisations of Supreme Audit Institutions and is open to the supreme Audit Institutions (SAIs) of the UN member countries and currently includes about 185 member institutions.

Information and Public Relations

The reconstruction of the ICEIDA website started in 2003 and is still in progress. The website has now replaced ICEIDA's Newsletter in publishing information and news of the ICEIDA projects. Information on the progress of ICEIDA projects is available in bi-annual reports prepared by the ICEIDA country offices.

The publication of ICEIDA's Newsletter in English was ceased in 2001 while the Icelandic version is still being published and now focuses on themes related to development co-operation. The preparation for the 2003 issue started at the beginning of the year and its theme was education for all. Later, it was decided to redesign the Newsletter's layout and extend its contents. However, due to various reasons the Newsletter only came out at the beginning of 2004.

ICEIDA's library was strengthened in 2003 as the number of titles and journals was increased and a librarian was recruited for short-term consultancy. Large



Photograph: Heimir Snorrason

numbers of students made use of ICEIDA's library for research and their writings on development issues and Africa.

The activities of ICEIDA were introduced to students at the University of Iceland and in several secondary schools around the country. Furthermore, lectures were given on development co-operation and developing countries for various organisations and at conferences. On several occasions interviews were given on radio, television and to newspapers.

ICEIDA's library was strengthened in 2003 as the number of titles and journals was increased.

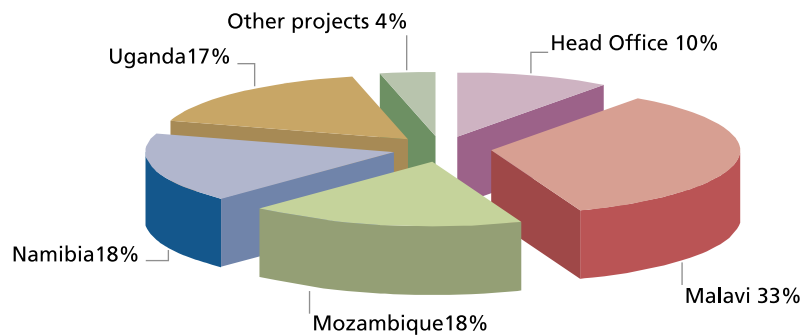


Photograph: Sjöfn Vilhelmsdóttir

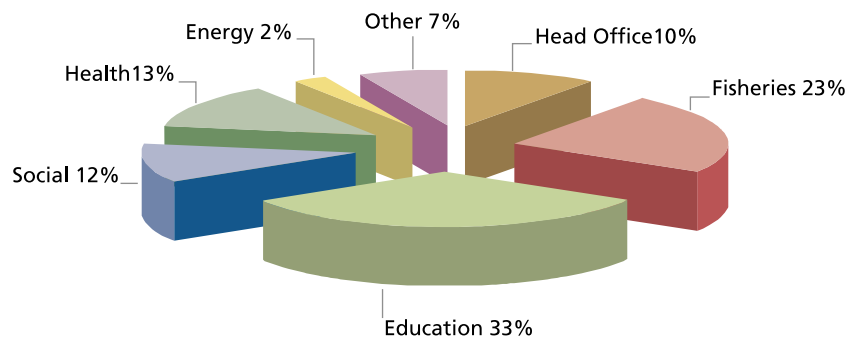
Financial Statement 2003

Icelandic development aid as a ratio of GDP was 0.17% in the year 2003. Approximately 34% of the total budget went to bilateral assistance administered by ICEIDA, or US\$⁶ 6.117.278.

Composition of ICEIDA's Expenditures-Geographical Distribution



Sectoral Distribution of ICEIDA Development Assistance



Partner Countries



Photograph: Guffi

MALAWI

The relations between Malawi and ICEIDA remain good and Malawi continues to be ICEIDA's main partner country. Icelandic support to the country has increased significantly in recent years.



Photograph: Petur Waldorf



Malawi is one of the poorest countries in the world and is facing a number of severe socio-economic problems. In 2003 the economic performance was mixed, marked by a generally stagnant economy, poor fiscal discipline and a persistently high incidence of poverty among the population, especially in the rural areas. However, per capita income rose somewhat, and the expected food crisis for the 2002/2003 crop year was successfully averted through a combination of government and private sector maize imports, supplemented by humanitarian assistance. The agricultural production has recovered from the drought conditions in 2002 and the maize harvest was reasonably good in 2003.

The political scene in the country was heavily influenced by the forthcoming parliamentary and presidential elections, set to take place in May 2004. The Parliament held an emergency session in January to debate a bill proposing the extension of the number of allowable presidential terms from two to three. The bill was withdrawn due to lack of support. Later in the year the ruling party UDF selected Dr Bingu wa Mutharika, the Minister of Economic Planning and Development, to be the party's candidate for the presidential election in 2004, while the outgoing President Mr Bakili Muluzi was appointed to be the party's national chairman.

MALAWI

MALAWI^a – Key Figures

Land area	118.484 km ²
Population	11.6 million
Population growth rate	1,9%
GDP per capita ⁷	132 US\$ (estimated)
GDP per capita PPP ⁸	570 US\$
GDP growth rate ⁹	1,7% (estimated)
Adult literacy rate (age 15 and above)	61%
Icelandic development assistance	1.954.905 US\$

^a Statistical sources if not otherwise specified: **Human Development Report 2003**. Published by the United Nations Development Programme (UNDP).

⁷ **Country Profile Malawi 2004**. The Economist Intelligence Unit.

⁸ Purchasing Power Parity. A rate of exchange that accounts for price differences across countries, allowing international comparisons of real output and incomes.

⁹ **Country Profile Malawi 2004**. The Economist Intelligence Unit.



Malawi receives significant amounts of international assistance from countries in the West and is highly dependent on aid. Relations with many donors have been damaged in recent years though allegations of corruption, and external financing has been suspended several times. However, the International Monetary Fund (IMF) resumed its funding in October 2003 and other key donors followed the lead.

Poverty remains the main development problem in Malawi and the primary goal of the economic policy now is to alleviate poverty. Malawi's Poverty Reduction Strategy Paper was formulated in 2002 and is the current overarching strategy that is intended to form the basis for socio-economic policymaking in the country¹⁰. The overall approach of the Poverty Reduction Strategy is to promote growth and diversification of the economy, improve the delivery of social services, improve governance and integrate policies on HIV/AIDS, gender, environment, science and technology into the main sectors.

ICEIDA's Development Co-operation

The development collaboration between the Malawi Government and ICEIDA dates back to 1989 and the overall goal is to support national efforts in Malawi to reduce poverty and achieve socio-economic development. The relations



between Malawi and ICEIDA remain good and Malawi continues to be ICEIDA's main partner country. Icelandic support to the country has increased significantly in recent years. A new extension of the General Agreement between the two countries was signed in October 2003 for a further two years. Icelandic assistance in Malawi is concentrated in the health, education and marine sectors and most of the activities are being carried out in the district of Mangochi in the southern region of the country.

Support to the Health Sector

Life expectancy in Malawi is among the lowest in the world. Child and maternal mortality is high and among other grave problems facing the people of Malawi are chronic malnutrition, malaria, tuberculosis and the HIV/AIDS epidemic. The health sector is thus one of the key components of the Malawi Poverty Reduction Strategy as it is directly related to the ability to lift the people out of poverty.

Since the year 2000, ICEIDA has been supporting the health authorities in the district of Mangochi, including the construction of a new hospital in Monkey Bay and general support to the health services in the Monkey Bay health zone.

MALAWI



Photograph: Gubni Eiriksson



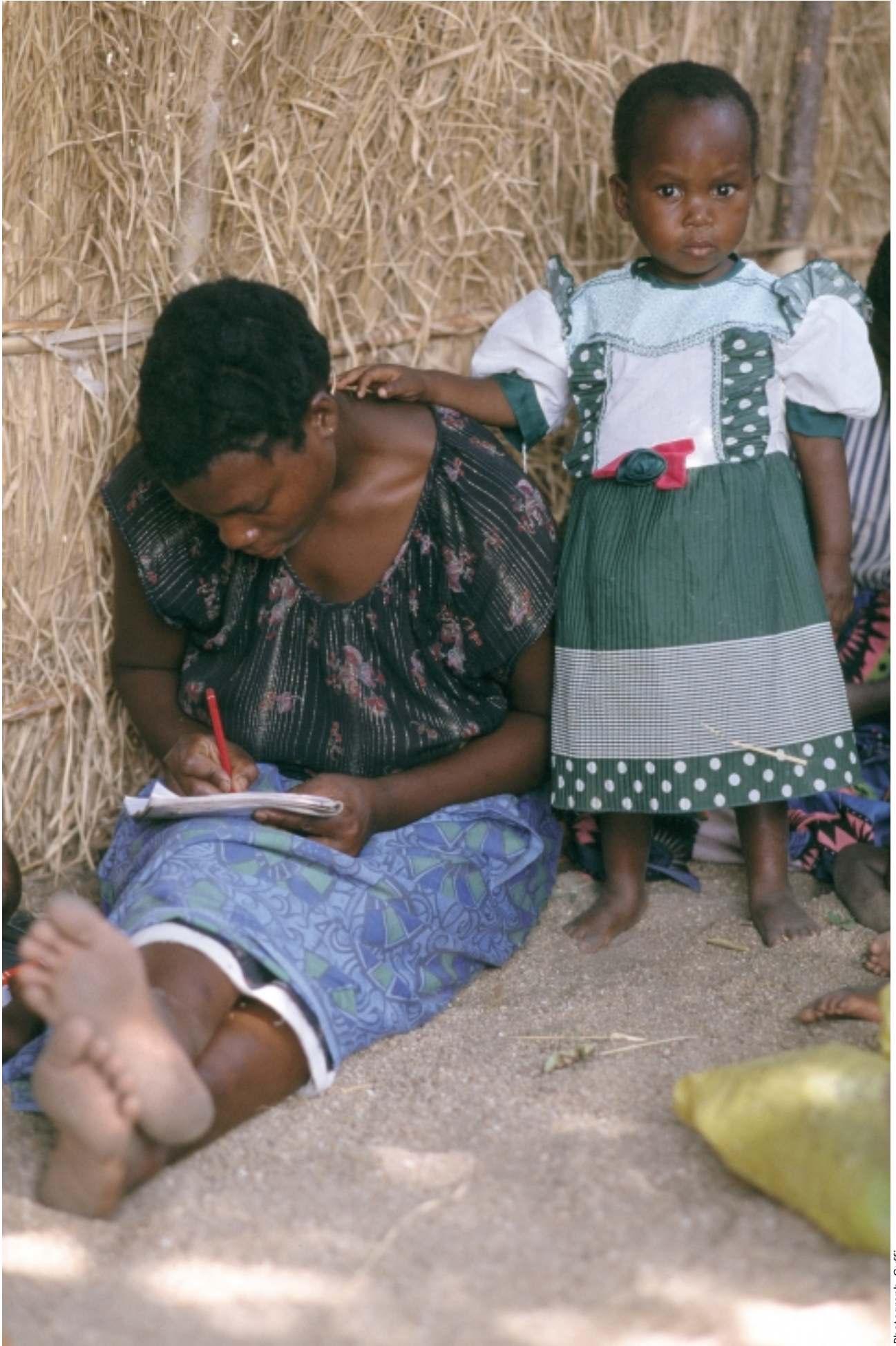
During the first three years the main emphases of activities were on the improvement of the physical structures of the hospital in Monkey Bay as well as health zone logistics and communication.

Following a mid-term evaluation of the Project, which was carried out in the end of 2002, a decision was made to change the approach of the Project and since then considerable changes have taken place. The main focus of the Project has shifted to integrated community health related services, with emphasis on the quality of services given at the hospital and in the zone.

In 2003 ICEIDA purchased and equipped the hospital in Monkey Bay with appropriate materials for the maternity, obstetrical and neonatal services, as well as the wards, outpatient department and the administration. A laboratory facility with equipment was installed in one of the hospital buildings by the middle of the year. In addition, an ambulance and four motorbikes were purchased and radio communications installed to facilitate communication between the hospital and health centres in the zone. These have increased the capacity of the health services.

Funds for training for several categories of health personnel were provided by

ICEIDA purchased and equipped the hospital in Monkey Bay with appropriate materials for the maternity, obstetrical and neonatal services, as well as the wards, outpatient department and the administration.



Photograph: Guffi



ICEIDA in 2003, including training of nurses, midwives, traditional birth attendants and community based distribution agents. Family Planning courses were also supported, as well as courses in Expanded Programme on immunisation, cholera preparedness and quality care to health care workers in the zone. In addition, members of staff completed computers courses, paid by ICEIDA. Early in the year the hospital received a computer programme to monitor the health activities in the zone area. One of the health workers received training in using the software.

In June and July, two medical students from Iceland were funded to conduct research on immunization coverage in the Monkey Bay health zone area and on several aspects of the antenatal services. They presented their findings in September.

The year 2003 was the final year of the Project. Despite success in several aspects in the implementation of Project activities, the health services in the area are still facing several challenging issues. It has been difficult to adequately staff the facilities in Monkey Bay. The referral of patients to Monkey Bay has not been as expected and the repertoire of available treatment options to Monkey Bay has

MALAWI



Photograph: Marta Einarsdóttir



Photograph: Guðni M. Einarsson

not increased. The management structure needs to be improved as well and made transparent. Therefore, it has been decided to extend the Project for further six months and to start preparations for a new agreement.

Support to Education and Social Development

The Government of Malawi abolished fees for primary education in 1994 and since then the number of children starting school has risen significantly. Nevertheless, the educational standards are still poor, featured by lack of physical structures, qualified teachers and teaching materials.

ICEIDA has supported the education sector in Mangochi District with the renovation and extension of school infrastructures. The overall goal is to support Malawi in achieving the Millennium Development Goal of universal primary education by 2015. In 2003 funds were made available for the construction of the Msaka Primary School in Mangochi District. This is the second primary school in the district that is constructed by funds from ICEIDA. The first one was the Namazizi Primary School in Chirombo village, which was handed over to the Malawian school authorities in 2000. The Msaka Primary School will be

ICEIDA has supported the education sector in Mangochi District with the renovation and extension of school infrastructures.



constructed in two phases, the first phase was completed in November 2003, while the second phase is expected to commence in early 2004.

The dropout rate is high in Mangochi District, particularly among girls. In the year 2003, ICEIDA made funds available for in-service training for primary school teachers in the district to equip them with handling skills in order to retain the girls in school and reduce the dropout rate. Further support is needed in this area.

Another important issue in the fight against poverty is to improve the educational standards of the adult population. According to UNDP estimates, 39% of adults in Malawi are illiterate. This low level of literacy is combined with gender disparity, generally disadvantaging women. Illiteracy has a negative impact on all levels of the society. Adult literacy is thus an integral component of the Malawi Poverty Reduction Strategy.

ICEIDA has been supporting the Malawi National Adult Literacy Programme in the Monkey Bay zone area since 2001, when the "Monkey Bay Adult Literacy Project" was launched. In 2003, Project activities focused on training, capacity building and the development of teaching materials. The Project's staff conducted several training workshops for community based literacy committees and literacy facilitators. Following the training, sixteen new REFLECT¹¹ literacy circles were opened, with the average enrolment of 400 learners. In April and June, the Project sponsored two intensive workshops to produce the REFLECT facilitator's manual. In line with REFLECT principles, which is the chosen approach of the Project, the manual's components are meant to be sensitive to local needs and circumstances in the area.

Community-based childcare centres were opened in three villages in conjunction with the literacy circles. A training session was held for the literacy committees in the villages that had been chosen for the establishment of the centres. The training was followed by a workshop in July for volunteers. The volunteers will look after the children while their parents attend literacy circles.

Two officers from the Ministry of Gender and Community Services conducted an internal (mid-term) evaluation of the Project. The final version was submitted in November. The report presented a useful critique and a number of issues for the Project's implementation team to tackle and improve. An assessment of the eight literacy circles opened by the Project in 2002 was carried out in early November. The purpose was to assess the reading and writing skills the learners had acquired since the circles opened. The results were satisfactory and the learners showed significant improvement.

Community-based childcare centres were opened in three villages in conjunction with the literacy circles.

Support to Higher Education

The Fisheries Science Department (AFSD) at Bunda College of Agriculture was supported by ICEIDA during the present period. The co-operation between Bunda College and ICEIDA started in 1994. The present Project is coming to an end in 2005, but further support will be considered.

The Malawian Fisheries Department is still working on a Master Plan for the Fisheries and Aquaculture sector in Malawi with support from the Japanese International Co-operation Agency (JICA). Staff members in the AFSD have actively participated in this important work and the Master Plan team has gathered important information and conducted surveys to collect new information. The Master Plan will be an important baseline for further development in the sector.

Photograph: Guffi



According to UNDP estimates, 39% of adults in Malawi are illiterate. This low level of literacy is combined with gender disparity, generally disadvantaging women. Illiteracy has negative impact on all levels of the society.

Photograph: Péter Waldorf





Although faced with many financial difficulties the administration at Bunda College managed to run the various programmes as scheduled, while other colleges of the University of Malawi delayed the opening of the academic year. Delayed opening is very inconvenient, especially when regional students are involved. For the first time the new entry AFSD students were not offered ICEIDA scholarships or study grants. Seven students started the programme in 2003, five male and 2 female and no regional students were in that group. This is a lower number of students than have entered in the previous two years and the reason might partly be the withdrawal of scholarships.

The first group of MSc students in the AFSD were supposed to graduate in 2003. However, none of the three students managed to finish on time. ICEIDA extended the students' scholarships in order to see them through, as this is the first group of students. The delays were partly due to confusion in the AFSD although it must be recognised that delays are very common in all MSc programmes worldwide. The AFSD is working on improving the MSc programme in order for students to finish on time

Many AFSD staff members are still away for further studies and some are about

MALAWI



Photograph: Guðni Eiríksson



Photograph: Ragnheiður Kolíse

Although faced with many financial difficulties the administration at Bunda College managed to run the various programmes as scheduled.

to finish their studies and their arrival at Bunda will improve the capacity of the department significantly. In the meantime a part time teaching fund and technical assistance has been a very important part of the ICEIDA support to the AFSD. The part time teaching fund has mainly been used to cover the salaries of one full-time lecturer in the AFSD.

An evaluation of the Project was conducted in November 2003. The results of the evaluation were mostly positive and encouraging but some matters were pointed out to have failed and suggestions were made for improvements. The AFSD will prepare a new project proposal on how to react to the suggestions made by the evaluation team.

Support to the Marine Sector

In the marine sector, ICEIDA supports two institutions responsible for increasing safety on Lake Malawi and improving the living conditions of the coastal population. Lake Malawi is the third largest lake in Africa and the fourth deepest in the world, and it is the main fishing area of Malawi. The lakeshore people rely on the lake for fishing, water and means of transport.



One of the institutions which receives support from ICEIDA is the Malawi Survey Department. The Project "Charting of Lake Malawi" was launched in 2001 and aims at ensuring safety of navigation on the lake through the provision of updated navigational charts. The Project is implemented in close collaboration with the Icelandic Coast Guard which provides the technical expertise and supervises the training of local professionals.

In March 2003 a trilateral agreement was signed between the Icelandic Coast Guard, Malawi Survey Department and ICEIDA. It enables close co-operation between the technical partners without the day-to-day involvement of the financial partner, ICEIDA.

The early part of 2003 was spent on repairs to the Survey Vessel Timba with some funding from the Malawian Government. During this time some advances in the cartographic work were made only to be delayed by scarcity of manual production materials. Two charts were ready for first proof making and one was still under scribing. The first two charts were published and 500 copies of each printed. In addition, the chart index was changed to allow for bigger area coverage. The anticipated CARIS software is hoped to transform the cartographic

MALAWI

Photograph: Pétur Waldorf



operations to a significant extent.

By the middle of the year, the Timba was able to sail again and proceeded to do survey work from where they had left off in Likoma close to the Mozambican coast. By the end of the year, two chart surveys of Likoma were completed. It was hoped that a third chart survey would be undertaken by November, substantially supported by Government funding but this was not the case. It is believed that the Government funding was reduced due to the anticipated parliamentary and presidential elections the next year.

The Malawi Marine Training College is another institution in the marine sector that receives ICEIDA support. The collaboration between ICEIDA and the College dates back to 1999. The overall development objective of the Project is to provide the Malawian fisheries sector with well trained workforce with the ability to meet the demands of higher technology as well as higher standards of production. In this respect, the immediate objectives are to enhance the human resource and infrastructure capacities of the Marine Training College.

An external evaluation of the Project was carried out at the end of 2001. In compliance with the recommendations of the evaluation it was decided to



extend the Project for a further two years, placing the emphasis on staff development and the consolidation of syllabus and teaching manual development for various fishing courses. During the extension period a number of activities were accomplished by the Project.

The year 2003 was the second and final year of the extension of the Project. The Project continued to provide scholarships and grants to students and to support various teaching and training activities. A new intake of students joined the College in March and students from previous courses went for training onboard various vessels on Lake Malawi under the supervision of the College's lecturers. The work on the revision of teaching syllabuses and the completion of teaching manuals was finalised during the year. In addition, the Project provided a new library and books to the College. The construction of the new College library commenced in March and the library moved to the new building in early July. The official handover of the building to the Malawi Government took place in October.

Despite all the achievements the Project has made, it became clear that there were certain areas which still needed special consideration and further

MALAWI



Photograph: Guffi



Photograph: Johann Palsson

In March 2003 a trilateral agreement was signed between the Icelandic Coast Guard, Malawi Survey Department and ICEIDA.

assistance. These areas are in the form of student scholarships and staff development and ICEIDA has already pledged further support in those areas for a period of two years.



MOZAMBIQUE

In spite of generally favourable political and economic conditions and the rapid economic growth, Mozambique remains one of the poorest countries in the world and it is the poorest and lowest ranking country in the SADC area.





Municipal elections were held in 33 cities and towns in Mozambique on 19 November after some delays. FRELIMO won a majority of 29 of the 33 municipal councils and the post of mayor in 28. RENAMO won five mayor positions and the two parties co-rule in one town. Election observer teams from various countries and NGOs monitored the elections, which were deemed to be free and fair. Turnout was around 32% with sharp regional differences. General elections will be held in December 2004 and there is concern that they will affect the political stability during the year.

There is notable progress towards the poverty reduction objectives, in particular in the areas of health and education. A progress report on the Poverty Reduction Strategy Paper (2001-2005) was issued, outlining the annual progress so far. In general, the government has succeeded in allocating resources according to its objectives and poverty reduction targets although the scarcity of human and financial resources remains a hindrance to the achievement of those objectives. In mid 2003, the IMF completed the fifth review of the poverty reduction and growth facility and as a result, Mozambique is eligible to draw US\$11.8m from the Fund. According to the report, economic growth remained strong, or around 7%. The growth is mostly in the south and there is concern that the economy is

MOZAMBIQUE



MOZAMBIQUE^b – Key Figures

Land area	802.599 km ²
Population	18.2 million
Population growth rate	1,5% (2001 - 2015)
GDP per capita ¹²	252 US\$ (estimated)
GDP per capita PPP ¹³	1.140 US\$
GDP growth rate ¹⁴	7,1%
Literacy rate (age 15 and above)	45,2%
Icelandic development assistance	1.023.739 US\$

^b Statistical sources if not otherwise specified: **Human Development Report 2003**. Published by the United Nations Development Programme (UNDP).

¹² **Country Profile Mozambique 2004**. The Economist Intelligence Unit,

¹³ Purchasing power parity. A rate of exchange that accounts for price differences across countries, allowing international comparisons of real output and incomes.

¹⁴ **Country Profile Mozambique 2004**. The Economist Intelligence Unit.

growing at two speeds as the rural areas are not experiencing this level of development.

The HIV/AIDS figures for Mozambique continue to be somewhat lower than in the neighbouring countries. An estimated 13% of the population between the ages of 15-49 is HIV-positive, with large regional differences. The World Bank issued a report in early 2003 on the impact of HIV/AIDS on the Mozambican economy and human capital, estimating that the economy will be 14-20% smaller in 2010; the reason being lower productivity, lower human capital accumulation and lower population growth.

Parliament introduced three important bills during 2003. Firstly, a new family law, which attempts to offer protection to women, as the law recognises all forms of monogamous marriages; civil, religious and traditional, including “de facto unions”, (couples who have been living together for at least a year, but who are not formally married). According to the law, the man is no longer automatically head of the family, leaving it to the couples themselves to decide. Secondly, a bill introducing new anti-corruption measures according to which, whistle-blowers are secured protection from any disciplinary measures at their workplace or any other form of harassment. Both bills are still being debated. A new curriculum for basic education in primary schools was adopted and

¹⁵ IMF Press Release No. 03/94 of 23 June 2003.

¹⁶ HIV/AIDS, Human Capital, and Economic Growth Prospects for Mozambique. Africa Region Working Paper Series No. 48 of February 2003.



introduced as from January 2004 aiming at improving the quality of the education. The most significant change is the introduction of mother tongue education whereas under the old system all teaching was in Portuguese although less than 10% of Mozambicans regard it as their mother tongue. Ten languages in 43 schools were tested and five more languages added in 2004.

In July, the second African Union (AU) summit was held in Maputo. Over 50 heads of state and more than 1000 journalists attended the summit. The AU delegates adopted the New Partnership for Africa's Development (NEPAD), which is the strategic framework for Africa's renewal and aims at the eradication of poverty, sustainable growth and development, integrating Africa into the global economy, thereby halting Africa's marginalisation in the global context.

The 14th Consultative Group meeting was held in Paris, France in October. Mozambique's Finance Minister Ms. Luisa Diogo on behalf of the Government requested 680 million US dollars from foreign donors to finance its activities in 2004. Around 67% of government expenditure will go towards poverty reduction priority sectors: health, education, water supply, agriculture and good governance. At the end of the meeting, the donors had pledged 790 million US

MOZAMBIQUE

Photograph: Sjöfn Vilhelmsdóttir



dollars. It is estimated that in 2004, aid will account for 48% of the government expenditure, a reduction from the current 60%.

In spite of generally favourable political and economic conditions and the rapid economic growth, Mozambique remains one of the poorest countries in the world and it is the poorest and lowest ranking country in the SADC area according to the UNDP's Human Development Report.¹⁷

ICEIDA's Development Co-operation

Iceland's co-operation with Mozambique dates back to the year 1995 and in the beginning the focus was on the fisheries sector. Now, the co-operation also includes the social and health sectors. During 2003, there were four Icelandic staff members working in Mozambique, as well as one working on the co-operation project with the Icelandic Red Cross (IRC) and the Mozambican Red Cross. The IRC delegate finished her mission in Mozambique at the end of the year. In addition, the project advisor working on the laboratory component of the fisheries projects concluded his contract and returned to Iceland.

The annual monitoring visit from the ICEIDA headquarters took place in October.

¹⁷ UNDP Human Development Report 2003.



Photograph: Sjöfn Vilhelmsdóttir



A delegation from the Icelandic Ministry for Foreign Affairs, including the honourable Minister, accompanied the ICEIDA mission. The two delegations visited most of ICEIDA's projects in Maputo City and Maputo Province.

At the end of the year, the ICEIDA office moved to a new location and now shares premises with the Icelandic Embassy in Maputo.

Support to the Fisheries Sector

Department of Fish Inspection

During 2003, the Project Document for ICEIDA's support to the Fish Inspection System was finalised and accepted by the ICEIDA Board of Directors in December, formalising ICEIDA's co-operation with the Fish Inspection Department and the Ministry. According to the document, the Inspection System will be adjusted to the national environment and made transparent and sustainable. The time frame for implementation is two years. The project will be evaluated in mid 2005 and further co-operation will be based on the outcome of that evaluation.

MOZAMBIQUE



Photograph: Sjöfn Vilhelmsdóttir



Photograph: Elin R. Sigurðardóttir

Work on the Inspection Manual continued with emphasis on adjusting the Manual to the environment in Mozambique. The final draft version was ready in September and in November, an Icelandic consultant visited Mozambique in order to assist with reviewing the Manual, give lectures on how to use it and assist in placing the various sub-chapters of the Manual in a logical manner. He also reviewed the current work procedures of the Inspection System and gave advice accordingly. He recommended some changes both to the Manual as well as to the Inspection System that will be taken into consideration at the beginning of 2004.

In order to make the Fish Inspection stronger and more efficient, the Ministry of Fisheries is working on positing it as an autonomous agency outside the Ministry. Office space has been located but needs considerable rehabilitation, which is planned in 2004 - 2006 with ICEIDA's support.

The Ministry has realised the need to secure the financial income of the Fish Inspection System and will levy a special tax on the industry in order to secure its running costs including the Fish Inspection Laboratories. This tax will take force in February 2004.

The work on revising the quality manuals continued with emphasis on writing work procedures, relating to calibration, hygiene and internal control.



Fish Inspection Laboratory in Maputo

During 2003, work was mostly focused on training of staff in new methods of analyses and quality procedures with emphasis on the microbiological section. Various methods were implemented and a routine is gradually being built up. The work on revising the quality manuals continued with emphasis on writing work procedures, relating to calibration, hygiene and internal control.

The financial sustainability of the laboratory is an important step for its future operations and with proper management it can strengthen not only the official inspection system but also the fish processing industry as a whole.

In August and September two of the laboratory staff members returned to Mozambique from their master's studies abroad. Their knowledge and experience will strengthen the fish inspection laboratory in Maputo in the future.

In November, a consultant carried out an evaluation of the laboratory component of the fisheries projects. The output of the evaluation will be in the form of recommendations for the future direction of the co-operation between ICEIDA and the Ministry of Fisheries regarding the laboratory and laboratory related activities. At the end of the year, the project advisor at the laboratory returned to Iceland.

Information and Training Centre (ITC) for the Fisheries Sector

The ITC project has two components: the Information component that involves establishing a library and a filing system for the Ministry's documents and publishing various documents relating to the Ministry; and the Training component that has still not been implemented and has so far only been roughly defined.

The Information component was evaluated in December and based on the outcome of the evaluation the phasing out of that component will be planned and implemented. The training component was assessed and based on the outcome of the assessment a Project Document will be written in co-operation with the Ministry laying down a detailed list of activities relating to the training component.

ITC's activities during 2003 included establishing a link between the FAO fisheries library and ITC. Various brochures, serials and references of articles from books were copied from the Internet, indexed, labelled and shelved. In addition, several pamphlets and other relevant documents were issued.

As the agreement between ICEIDA and the Ministry regarding the ITC came to an end in December 2002, an addendum was signed by both parties extending the agreement to the end of 2005.

Laboratory and Fish Administration Building in Quelimane

This project dates back to the year 2000, when the British Development Agency (DfID) requested ICEIDA to oversee the implementation of constructing a laboratory in Quelimane. The laboratory part of the project is funded by DfID and administered by ICEIDA, whereas ICEIDA finances the facilities for the provincial fisheries administration.

Construction of the building began in January 2003 and mostly proceeded according to the plan of action laid down by the contractor. A few matters relating to the construction were dealt with. The cost, which was not substantial, was shared between the Project fund and the Ministry of Fisheries.

The Chairman of the Board of Directors, Mr. Björn Ingi Hrafnsson and the Minister of Fisheries, Mr. Catmiel Muthembe signed an inter-institutional agreement on co-operation between ICEIDA and the Ministry of Fisheries.



In November, the contractor informed that the construction would be completed by the end of the month, one month earlier than planned and the contractor informed that work could be formally received. After a thorough inspection by three representatives from the Ministry of Fisheries, the handover of the building was rejected as several items were not according to the tender documents. The constructor and the supervisor of the work confirmed this with their signatures. Recruitment of personnel for the fish inspection laboratory was still in progress at the end of 2003 and because of the delay, the buying and instalment of equipment was postponed until the recruitment process is completed in early 2004.

Fish Research in the Cahorra Bassa Reservoir – RV. Fengur

The revenue from the sale of the vessel Fengur was allocated into a special account held with the Ministry of Fisheries along with the balance on the NDF Special Account. The project is implemented by the Fisheries Research Institute (IIP) and the objective is twofold; to conduct preliminary research on Kapenta fishery in order to provide a baseline for fisheries management strategies and; to create infrastructure conditions to ensure that at the end of the project period, the IIP office in Songo is present.

The implementation began in 2003 and was divided into two parts, the preparatory and the execution phase. The research work has focused on collecting and analysing samples studying the length measurements, maturity etc. Furthermore, catch, effort and environmental data has been collected and placed into a database for further processing.

Relating to the infrastructure component, the Cahorra Bassa Hydroelectric Company¹⁸ donated a house to the IIP to be used by the officer in charge of the project on site. The house has been rehabilitated and is ready to use. A plot for the offices is being acquired and it is foreseen that a pre-fabricated house will be built by June 2004.

Originally, it was foreseen to rehabilitate the research vessel but when it emerged that the costs would be considerably higher than planned in the budget, IIP negotiated with a Japanese organisation, the Overseas Fishery Co-operation Foundation, (OFCF) for the rehabilitation. After an inspection visit, it became clear that it would be very expensive to rehabilitate the vessel and OFCF advised that a new research vessel be purchased, which lead to a revision of the budget.

Mozambican Semi-Industrial Fisheries Project – Investment component

ICEIDA acts as the Lead Agency in the investment component of the Mozambique Semi-Industrial Fisheries Project. The component is financed by the Nordic Development Fund (NDF) and implemented by GAPI, a Mozambican investment institution. The activities covered by the credit agreement are; processing facilities; building and equipment, vessels; new constructions and rehabilitation; conservation and transport; technical studies and assistance. The agreement also demands promotion of Nordic products and services. Under the implementation of the fund, eight projects have been funded and 124 jobs created.

About half of the NDF's first disbursement has been utilised, amounting to about USD 343.000. GAPI has reported that their clients have considerable problems relating to procuring goods of Nordic origin that are also price competitive and where the providers can guarantee maintenance services in Mozambique.

¹⁸ Cahorra Bassa is a power station at Songo, Tete province.



Support to Other Activities in the Fisheries Sector

In June, the Ministry submitted a request to ICEIDA for the funding of a consultant to evaluate a specific part of a project regarding a satellite surveillance system that Mozambique is setting up. An expert, who had assessed a tender component of the project in 2001, was approached and this time he evaluated the proposals for the implementation of the VMS system provided by the company that won the tender in 2001. He recommended that an agreement be signed with the company for a test period of 6-8 months taking into account a list of criteria that he laid down.

During the annual visit from ICEIDA headquarters, the Chairman of the Board of Directors, Mr. Björn Ingi Hrafnsson and the Minister of Fisheries, Mr. Catmiel Muthembe signed an inter-institutional agreement on co-operation between ICEIDA and the Ministry of Fisheries. This agreement is an important milestone both in the co-operation between Iceland and Mozambique and for ICEIDA as it is the first time that ICEIDA channels its funds directly through the competent authority in the co-operating country, in this case the Fisheries Development Fund,¹⁹ to the Ministry. The Agreement lays down strict accounting and reporting duties as to ensure transparency and appropriate use of the funds. This is an

MOZAMBIQUE



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The evaluation's recommendations included that ICEIDA should continue the structural support and assistance with capacity building, including on provincial level in the Ministry.

attempt to engage in sector funding, however not exceeding the scope of article 4 of the law establishing ICEIDA, which stipulates that ICEIDA may not hand over to any other party the control of its projects.

Support to the Social Sector

Co-operation with the Ministry of Women and Co-ordination of Social Action

During 2003, ICEIDA continued to support the Ministry of Women and Co-ordination of Social Action's National Directorate for Women (DNM), specifically the Women and Family Department. The department has expanded considerably during the year; more staff has been recruited, including technicians who work on micro projects for women. The English courses programme continued to be offered to the Ministry's staff and several employees are taking computer courses as well. After an evaluation of the English courses it was decided, in co-operation with the Ministry, that committed students would be given the opportunity to attend an official English school programme in 2004.

ICEIDA supported a seminar and a workshop organised by the DNM for the heads of the Ministry's Provincial Directorates. The objective of the seminar and



workshop was to strengthen the knowledge and competences within the directorates as regards various national policies and programmes.

In 2003 ICEIDA accepted requests for financial assistance from two DNM employees for their university studies as part of the Ministry's capacity building programme. The employees concerned are the deputy director, who will be studying adult education and community development and a technician, who will be studying psychology.

ICEIDA provided support to the Ministry's annual national meeting in October. The meeting's agenda focused on the Ministry's activities in the provinces, such as HIV/AIDS, women's education, status of orphans, the elderly, and the disabled. The support was in the form of sponsoring various workshops, as well as the ICEIDA Social Projects vehicle and driver were made available for transport.

Visits to the Ministry's provincial offices continued and, in 2003, Cabo Delgado, Niassa and Tete Provinces were visited. The purpose of the visits was to identify the weak and strong points of the technical capacity in the Provincial Directorates, as well as to collect information for the Ministry's databank on

MOZAMBIQUE



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income generating activities for low-income women. The visits were also aimed at reinforcing the technical capacity of the Provincial Directorates, in particular, regarding the integration of gender aspects, violence and HIV/AIDS into all their plans and programmes.

ICEIDA received requests for support from three Provincial Directorates in 2003. The requests came from Gaza Province, Maputo Province and Maputo City. The aim is to concentrate on capacity building within their Women and Family Departments. It is foreseen that ICEIDA will expand the co-operation with the Ministry to these Provinces in 2004.

In June, an external evaluation on the co-operation between ICEIDA and the Ministry was carried out. The evaluation's recommendations included that ICEIDA should continue the structural support and assistance with capacity building, including on provincial level in the Ministry. The report's findings will be used as a basis for future co-operation with the Ministry.

Project Djombo ya Warime (Bairro dos Pescadores)

Djombo ya Warime is a co-operation project between DNM, Maputo City, the District Authorities (District 4) and ICEIDA. It is a grass-root pilot project aimed at



Photograph - Sjöfn Vilhelmsdóttir



supporting vulnerable women-headed households, as well as strengthening the inner capacity of the partners. The target beneficiaries are women in fisheries and agriculture working within the Fishermen's Association and the Costa do Sol Association of Rural Agriculture and Small Animal Farmers. The former association is divided into two groups; boat owners and resellers, the resellers mainly being women. Both associations supply the local markets and restaurants in Maputo with fish and vegetables.

The project period is from August 2003 to July 2005 and the implementation began in September with training of trainers with the objective of teaching them how to apply training techniques as well as principles of adult education, and to learn to improve management and conservation of fisheries and agricultural products.

AVIMAS – Association of Widows and Single Mothers²⁰

ICEIDA has co-operated with AVIMAS from the year 2000. A new project document was signed in early 2003, laying down specific activities and expected outputs for the next two years. The Project will now focus on inner capacity building and sustainability with emphasis on adult education and micro projects, as well as on assisting the association with the rehabilitation of its premises.

During 2003, the AVIMAS members focused on renovating their headquarters, which slowly are becoming functional for the management of the association which is comprised of almost 500 members. The strengthening of their administrative and organisational capacities will enable AVIMAS to expand to other Districts. The sewing classes continued and new premises for the classes will be fully operational in early 2004. Once the sewing facilities are completed, a new project component will be initiated, a hairdresser's salon, which will run hair dressing courses as well as function as an income generating activity for the association.

Over 50 members participated in AVIMAS' literacy classes in 2003. The association also organised training of trainers' seminars for its volunteers on sexual and reproductive health. The chicken farm and the coal and oil wholesale continued to be a valuable source of income while they also gave the members the opportunity to learn about micro economic management and budgeting.

With its success, AVIMAS is slowly becoming an umbrella organisation for smaller sub-groups in other districts of Maputo. AVIMAS headquarters is now working closely together with women's organisations, in District 3 and 4 in Maputo, in establishing a similar association. The new organisations are supported by a Brussels based charity organisation, Association Femmes d'Europe (AFdE), and ICEIDA supervises and monitors the activities on behalf of AFdE.

Support to the Health Sector

Community Based Health Care Programme – Hindane

The Hindane Community Based Health Care programme is implemented in co-operation between the Mozambican Red Cross (CVM), the Icelandic Red Cross (IRC) and ICEIDA. The programme objectives include building and equipping a health centre in Hindane, in the Maputo Province district of Matutuine, as well as the training of community health care volunteers and providing institutional support for the Red Cross Provincial office. The construction of the Centre was completed in early 2002 and it was handed over to the Ministry of Health in April 2002.

During 2003, the main activities were related to strengthening the community-

During 2003, the main activities were related to strengthening the community-based network of volunteers with training as well as provision of uniforms and other incentives.

²⁰ Associação das Viúvas e das Mães Solteiras.



based network of volunteers with training as well as provision of uniforms and other incentives. In addition, a house for women waiting to give birth was constructed next to the Health Centre and work continued on the construction of first aid posts and latrines in the seven communities benefitting from the Programme.

In the beginning of the year, Maputo Province was hit by several cholera outbreaks. The CVM volunteers carried out activities such as door-to-door campaigns with preventive messages regarding cholera, distribution of water chlorinators for houses and water sources as well as giving talks in places where people assemble. This emergency project in the Province prevented CVM from giving full attention to the Hindane programme.

Construction of the first aid posts progressed slowly because the work was done by the communities on a voluntary basis. The southern part of Maputo Province suffers seasonal food insecurity and the UN World Food Programme (WFP) runs a "Food-for-Work" programme in the area. The CVM local committee concluded an agreement the WFP counting work on the first aid posts as a contribution towards that programme. The construction of the 10 latrines was also delayed, as the plan was to complete the first aid posts before starting with the latrines. It was also planned to begin the construction of a house for the local CVM committee in Hindane and land near the health centre was legalised and cleared. It was later decided to complete the construction of the first aid posts and the house for women waiting to give birth before starting with the new construction, as it would also be built by the local communities. This delayed the training in management and leadership for members of the district and local committees.

One nurse works at the health centre on a permanent basis and she attends 25-30 patients per day. The number of women who give birth at the Centre has been relatively low, mostly because there have not been any facilities while they wait to give birth. This is expected to increase with the new house for women waiting to give birth that has now been constructed.

A cultural group was created in June, consisting of children and adults from all the villages around the health centre. This group will present health related messages and information about the Red Cross through traditional performances, such as singing and dancing. A training course for local Red Cross Committee members started in June as well as training courses on children's nutrition aimed at mothers.

In March, the Director of the International Department of the IRC and ICEIDA's Programme Co-ordinator visited Hindane in connection with the Steering Committee meeting. At that meeting it was agreed to provide support to the CVM headquarters through paying the salary for one financial assistant and to pay 10% of the total programme budget. In June, the President and Secretary General of the IRC visited the Programme. Finally in October, delegations from the Icelandic Ministry for Foreign Affairs, headed by the Minister, ICEIDA as well as the CVM Secretary General and the Governor of Maputo Province visited Hindane.

A Project Assistant was recruited by CVM at the beginning of the year. His main task was to provide support to the IRC delegate and the Hindane Programme Co-ordinator. The IRC delegate who has been leading the Programme from the beginning left Mozambique at the end of the year as foreseen and all equipment was handed over to CVM. The Programme is now run by the co-ordinator with support from ICEIDA and CVM headquarters.

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NAMIBIA

Vision 2030, commissioned by the National Planning Commission under the Office of the President, aims at transforming Namibia from a developing, lower-middle-income country to a developed, high-income country.

Photograph: Heimir Snorrason





Namibia is a multiparty, multiracial democracy. When the country gained independence in 1990, the South West Africa Peoples Organisation (SWAPO) formed the new Government and was re-elected in 1994 and again in 1999. Sam Nujoma, leader of SWAPO, has held the Presidency since independence, his last re-election being in 1999.

On the political scene, the focus in 2003 was on the selection of successor to 74-year old President Nujoma, who has pledged to retire in March 2005, at the end of his current third five-year term. Mr. Nujoma is, however, planning to remain as SWAPO President until the next SWAPO congress in 2007. SWAPO will first focus its attention on an extraordinary party congress to be held in May 2004, where the party's candidate for the presidential election scheduled for November 2004 will be chosen.

Redistribution of land from predominantly white commercial farmers to "previously disadvantaged" Namibians continued being a predominant political issue in 2003. Underlying tensions are highlighted by the threat of partial occupation of 15 farms by members of the farm-workers union which was only prevented through prompt government intervention.

NAMIBIA

Namibia^c – Key Figures

Land area	825.418 km ²
Population	1.9 million
Population growth rate	0,9% (2001-2015)
GDP per capita ²¹	2.250 US\$
GDP per capita PPP ²²	7.120 US\$
GDP growth rate ²³	3,5%
Literacy rate (above 15 and above)	82,7%
Icelandic development assistance	1.002.961 US\$

^c Statistical sources if not otherwise specified: Human Development Report 2003. Published by the United Nations Development Programme (UNDP).

²¹ Country Profile Namibia 2004. The Economist Intelligence Unit.

²² Purchasing power parity. A rate of exchange that accounts for price differences across countries, allowing international comparisons of real output and incomes.

²³ Country Profile Namibia 2004. The Economist Intelligence Unit.



In October 120 detainees arrested in connection with a 1999 state of emergency, declared in response to attacks in Katima Mulilo by alleged Caprivi secessionists, were finally put on trial. Human rights organisations have criticized the length of time that pretrial detainees have been held. The trial was still ongoing at year's end.

A UN report published in December gave Namibia high marks for making education available to more children than before, but it also highlighted an alarming weakness in reading skills among children of primary school age and expressed concerns over the "low quality of education".

A World Health Organisation report released at year's end describes the child mortality rate as "high", and higher than it was at Namibia's independence in 1990. The rate at which adults die is described as "very high" with the average healthy life expectancy for men at 42.9 years (59 years in 1991), compared with 43.8 years for females (63 years in 1991).

In November the Namibian Government launched an appeal for international assistance for more than 640,000 people requiring immediate food assistance, due to two consecutive years of draught, compounded by floods in parts of the country. Little response had been received by the end of the year.



ICEIDA participated with a three-person delegation at the Second National Development Plan (NDP2), Round Table Conference, held in February 2003. The second five-year development plan was made public during the last quarter of 2002, although it covers fiscal years 2000/01-2005/06. The NDP2 policies are geared towards achieving the medium-term aims of Vision 2030. Vision 2030, commissioned by the National Planning Commission under the Office of the President, aims at transforming Namibia from a developing, lower-middle-income country to a developed, high-income country. The *raison d'être* for the Government of Namibia calling only the second Round Table Conference since independence at this particular time, is that approximately half of the N\$ 18bn (USD 2.4bn) public-sector investment programme proposed under NDP2 is expected to be funded by the donor community.

The Prime Minister of Namibia, Theo-Ben Gurirab, visited Iceland in October. During discussions with, amongst others his Icelandic counterpart, Mr. Gurirab reiterated his Government's wish to continue the bilateral development co-operation with Iceland.

The Honorary Consul of Iceland to Namibia, Mr A. Z. Ishitile, died in a road

NAMIBIA

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accident in November. Mr Ishitile was closely involved with the bilateral development co-operation between Iceland and Namibia since the outset, as Permanent Secretary of the Ministry for Fisheries and Marine Resources (MFMR) for several years and Chairman of the Board of Trustees for the Namibian Maritime and Fisheries Institute (NAMFI). With Mr. Ishitile's sudden and tragic death, Iceland and ICEIDA in particular lost a true and valued friend in Namibia. At a memorial service for the late Ishitile, ICEIDA's Country Director for Namibia delivered words of condolences from the Icelandic Minister for Foreign Affairs to the bereaved family.

ICEIDA's Development Co-operation

All ICEIDA projects and activities in Namibia are carried out under the General Agreement on Bilateral Co-operation between the Government of Iceland and the Government of Namibia, which was reviewed in 2002 and prolonged until the end of 2004. All projects are implemented on the basis of detailed project documents.

Routine management, supervision and monitoring of the various ICEIDA projects and activities was ongoing throughout the year. This prescribed function was



Photograph: Sjöfn Vilhelmsdóttir



primarily carried out through regular formal and informal meetings, site visits and written reporting. Periodic contact was also maintained with those Namibian authorities carrying portfolios relevant to ICEIDA's functions in the country.

Changes to ICEIDA's modus operandi continued to be implemented from the outset of the year. Increased emphasis was put on short-term assignments by Icelandic technical personnel and towards local contracts. Full-time technical advisors at NAMFI were reduced from six to three at the beginning of the year. ICEIDA's Project Manger at the Ministry of Fisheries and Marine Resources returned to Iceland in mid-2003. An experienced database specialist was recruited in his place. The Project Manager for Social Projects also returned to Iceland, where she later in the year took up a position at the ICEIDA headquarters.

Exchange rate developments in Namibia continued to create difficulties for the management of ICEIDA's activities in the country. The Namibian Dollar is pegged at par to the South African Rand and was one of the best performing currencies in the world in 2002, appreciating by 21% against the US Dollar with most of that development taking place towards the end of the year. The exchange rate 8.5 Namibian Dollar against the US Dollar was used when ICEIDA's budget in Namibia for 2003 was prepared in 2002, but the average value of the Namibian Dollar against the US Dollar was 7.56 during this reporting period, going as low as 6.24. As the largest part of the expenditures is in Namibian Dollar and the budget and contributions in US Dollars, conservative financial management was applied. Despite these financial challenges, all commitments were honoured in full.

Preparations were ongoing throughout the latter half of 2003 for the scheduled evaluation of all ICEIDA projects in Namibia. The evaluations will be carried out in the early months of 2004 by a team of independent evaluators appointed by ICEIDA and the Namibian authorities.

Support to the Fisheries Sector

ICEIDA's biggest project in Namibia continued to be at NAMFI. The project is based on a project document that was prepared and approved by ICEIDA and the MFMR in 2002, as co-operation partners, with NAMFI being the main implementation party. One of the main objectives of the project is to respond constructively and methodically to the stated Namibianisation policy of the Government of Namibia by building up a high quality indigenous knowledge base and create a sound financial foundation for the institute.

*ICEIDA's biggest project
in Namibia continued
to be at NAMFI.*

Three full-time ICEIDA employees worked at NAMFI during 2003, two in the Navigation Department and one at the Engineering Department. A short-term ICEIDA provided business consultant was assigned to NAMFI during the first half of the year. The aim of the consultancy was to identify alternatives regarding the financial and management structure of NAMFI that could be used by Namibian authorities to secure the long-term financial viability of the Institute. A further objective of the consultancy was to develop a business plan for NAMFI and build capacity within the Institute regarding management and business practices. Another short-term consultant from ICEIDA arrived at NAMFI in August. The objective of the consultancy was to survey the Safety Department. The consultant was also responsible for presenting proposals on how to rectify problems and suggestions on how to improve things and finally to guide Namibian instructors when teaching and preparing teaching materials.

Beginning in May 2003, ICEIDA sponsored two Namibian instructors from NAMFI's Engineering Department for one-year long management level studies



at an institute in Cape Town. Another instructor from the Navigation Department was sponsored by ICEIDA to go for higher studies in fishing technology at the UNU Fisheries Programme in Iceland and also to gain sea-time experience. Sea-time was obtained on board container vessels, a factory trawler and with the Icelandic Coast Guard.

Throughout the year ICEIDA supported upgrading of the workshop facilities for the Engineering Department. In addition to the development of teaching materials carried out by the Icelandic personnel, ICEIDA made funds available for the purchase of books for Class 2 in the Navigation Department and the Safety Department.

Support to the Ministry for Fisheries and Marine Resources

The Co-operation Agreement between ICEIDA and the Ministry from 2002 acts as an umbrella agreement for all projects in the fisheries sector in Namibia.

The tenure of the economics advisor that ICEIDA had provided to MFMR since 1999 came to a conclusion in mid 2003. The advisor prepared various technical materials for senior management of MFMR to meet the objective of improving the capacity within the Ministry for decision-making regarding all issues relating to fisheries economics and management. Recommendations on fisheries economics work to be undertaken by MFMR were also provided. In co-operation with the Chief Economist and Chief Statistician, templates for various recurrent reports, such as the Annual Income and Expenditure Report and Quarterly Statistical Reports were developed. The advisor also spearheaded the revision of the economic model used by MFMR to provide information to the National Accounts. An assessment of economic data needs of MFMR and recommendations on data collection were made, including revisions for survey forms, such as the form for the Annual Income and Expenditure Survey. Lastly, the economics advisor worked on improving the capacity for economic analysis within MFMR. This was mostly carried out through on-the-job training, as well as through a seminar series on fisheries economics and management.

Yet another function of the economic advisor had been the establishment of the Fisheries Economic Database (Eco). This database is radically changing the working environment for economic and policy analysis in the Ministry, as for the first time consistent and reliable economic data is available. Eco in its final form contains three sets of data: raw material – inflow and utilization; finished products – exports and domestic sales; and, employment – at sea and on land. One of the short-term advisors who had in recent years been working on the database together with the economic advisor was recruited for a full-time position when it became known that the economic advisor would leave his post. The need for a full-time advisor had been demonstrated through various problems encountered during the implementation. One challenge dealt with by the Eco-advisor was that the database had begun to suffer from lack of data integrity. Some auxiliary data had to be erased, modified or changed in a manner more suitable for its initial purpose. Most of Eco's staff members also lacked the knowledge and experience to completely comprehend the concept of the database. Other problems identified were related to Eco's applied business rules while some were bound up with the working environment. The Eco-consultancy is planned until the end of 2004 which will provide sufficient time to overcome and rectify problems encountered as well as completing required training of personnel.

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Support to the Social Sector

ICEIDA's development co-operation in the social sector in Namibia has expanded significantly in recent years. Assistance, which started as financial support to a localised adult literacy project in 1993, is now a programme with five main projects. ICEIDA's social sector programme has two components. The first component focuses on providing financial assistance and technical support to local communities in establishing and running non-formal educational projects aimed at uplifting the community. The second component focuses on assisting local municipalities and regional authorities in constructing and running community centres. The social projects concentrate on the Erongo and Karas regions, as they are located in the coastal towns of Lüderitz, Walvis Bay and Swakopmund, and the inland town of Usakos. The projects follow largely the same model, although with a few variations.

The Project Manager for Social Projects returned to Iceland in mid-year, where she later in the year took up a position at the ICEIDA headquarters. No new employee was recruited in her place, as all social projects had reached a degree

NAMIBIA



Photograph: Sjöfn Vilhelmsdóttir



Photograph: Elfar Óskarsson

of self-management and sustainability. Monitoring and backstopping of the social projects was added to the portfolio of the Country Director.

ICEIDA continued to support the ICEIDA Training Centre/Help Yourself Project in co-operation with Walvis Bay Town Council. The main objective of the project is to give unemployed women the opportunity to upgrade their education by attending literacy, English and AUPE (adult primary education) classes, and practical skills training. The project goes beyond basic literacy training as it aims to combine literacy classes with development education and practical skills training: needlework and cooking classes, business and child-care courses, gender training, and information sessions on health, social issues and human rights. The activities of the project in 2003 were carried out according to the plan and all objectives were achieved. In line with the objective of empowering women, the project successfully managed to facilitate a micro-credit loan for 17 community members. The loans are repayable in twelve months and are administered by the project's Coordinator on behalf of the Bank.

In line with the objective of empowering women, the project successfully managed to facilitate a micro-credit loan for 17 community members.

In 2003 ICEIDA provided financial support to the Municipality of Walvis Bay for a needs assessment study which was tendered out to a Namibian contractor by the end of the year. The objectives of the study are to gather and interpret current



socio-economic information in the low-income suburb Kuisebmond, and to examine the strengths and weaknesses of the Municipality as perceived by the residents of Kuisebmond themselves. Implementation of the study will commence in early 2004 and results are expected to be made public six months later. The study's results will enable the Municipal authorities in Walvis Bay to plan effectively and to attend to the needs of its Kuisebmond residents and, simultaneously, to anticipate problems which might arise in the future.

The cooperation between ICEIDA and the Lüderitz Literacy Project (LLP) was continued in 2003 for the tenth year. The project is targeted at the most disadvantaged population of Lüderitz: children, out-of-school youngsters in the low-income Benguela suburb of Lüderitz. Its main objective is to empower these groups by giving them the opportunity to attend pre-primary, literacy, English and/or skills training classes. Around 95 children were registered in the pre-primary school programme in 2003. The children involved in the programme range from two to four year olds in the kindergarten, and four to six and a half year olds in the bridge class. The majority of these children were working towards admittance to one of the government schools in town. The LLP is operated in the Benguela Community Centre (BCC) the construction of which was completed in 2001 and co-financed by ICEIDA.

The activities of the Benguela Community Centre Project were largely carried out according to the plan in 2003 with financial and technical support from ICEIDA. The After School Programme continued with between 30 and 40 children attending classes daily. The Ministry of Basic Education, Sport, and Culture also continued running its adult evening literacy classes in the premises of the BCC. Additionally, several workshops such as Positive but Confident Workshop and Business Management Workshop were successfully run out of the BCC throughout the year.

In accordance with a co-operation agreement with Swakopmund Town Council from 2000, ICEIDA provided financial support to the Mahetago Community Project (MCP) in 2003. The project is a community based educational project operating in a community centre in the low-income suburb of Mondesa. The project's objective is twofold. First, to involve the community in the running of the centre and second, to provide educational and training programmes for pre-school children and adults from low-income households. The MCP operation in 2003 was heavily affected by financial management problems. As a result activities were unfortunately kept to a minimum while the parties sought a solution.

ICEIDA provided financial support to the Municipality of Walvis Bay for a needs assessment study which was tendered out to a Namibian contractor.

In February 2001, ICEIDA and Usakos Town Council signed a co-operation agreement on establishing a multi-purpose community centre. The agreement also made provision for assisting a community-based organisation—the Together Kindergarten—in establishing a pre-primary school programme in the new centre located in the low-income Hakhaseb suburb of Usakos. The construction work was finally completed in early 2003 when ICEIDA paid for minor work previously pledged to the Centre by the Town Council. Some 70 to 90 children attended the Together Kindergarten at Hakhaseb Community Centre throughout 2003. Unfortunately, the Centre also became the scene for some politically rooted skirmishes in the community.

Photograph: Agustía Gísladóttir



UGANDA

Despite increasing criticism of the country as regards politics, governance, human rights issues and corruption, the international donor community remains confident in the leadership and is committed to assist Uganda on the road towards prosperity for years to come.

Photograph: Gestur Gíslason





Uganda, the Pearl of Africa, continued on the path of positive development during 2003. Although all targets set by the government may not have been fully achieved, the overall picture indicates a move in the right direction. For a number of years Uganda has received strong support from the international donor community, which has assisted in funding the country's development programmes. Despite increasing criticism of the country as regards politics, governance, human rights issues and corruption, the international donor community remains confident in the leadership and is committed to assist Uganda on the road towards prosperity for years to come.

An Economic Recovery Programme (ERP) was introduced in 1987 and implemented with strong support from the international donor community. With adjustments from time to time and in parallel with various other rehabilitation and development plans, the ERP has restored and stabilized Uganda's economy and achieved an annual real economic growth of 4-7% over a period of almost 20 years. Despite this, Uganda remains among the poorest and least developed countries in the world ranking number 147 out of 175 countries in the 2003 UNDP Human Development Report.

UGANDA

UGANDA^d – Key Figures

Land area	241.139 km ²
Population	24.2 million
Population growth rate	3,5% (2001-2015)
GDP per capita ²⁴	227 US\$ (estimated)
GDP per capita PPP ²⁵	1.490 US\$
GDP growth rate ²⁶	4,4% (estimated)
Literacy rate (age 15 and above)	68%
Icelandic development assistance	956.213 US\$

^d Statistical sources if not otherwise specified: **Human Development Report 2003**. Published by the United Nations Development Programme (UNDP).

²⁴ **Country Profile Uganda 2004**. The Economist Intelligence Unit.

²⁵ Purchasing power parity. A rate of exchange that accounts for price differences across countries, allowing international comparisons of real output and incomes.

²⁶ **Country Profile Uganda 2004**. The Economist Intelligence Unit.



The projected real GDP growth for financial year 2003/2004 in Uganda is set at 6%, up by 0.8% from last year's GDP growth of 5.2% but below the government's target of 7%. In this respect Uganda compares favourably to the overall GDP growth of 2.7% for sub-Saharan countries. Within the country the economic recovery has, however, benefitted the south and south-western parts of the country, including the capital city Kampala, much more than the rural areas in the north.

Agriculture, including fisheries, accounts for 42% of GDP in Uganda and is by far the most important economic sector. Ranking second is the services sector with 38% of GDP. Subsistence farming provides the bulk of food production and accounts for half of the agricultural production. Non-coffee products, particularly horticulture and fisheries, are increasingly important in the agricultural production with an increase in value of 30% from previous years. Coffee production, the single most important crop exported from Uganda, suffers from the dire situation on the world coffee market, and shows few signs of recovery despite efforts by the government to strengthen international market opportunities for Ugandan coffee.

The leadership in Uganda is facing growing domestic and international pressure to re-structure from the present no-party grass-root democracy system



(sometimes referred to as African Democracy) to a multiparty democratic system, where political parties will be allowed to operate and participate. The present leadership has opposed such changes in the past and in a referendum in 2000 the majority vote (with only 51% turnout) supported the continuation of the current system. However, the President unexpectedly announced in 2003 that he wishes the country to return to a multiparty democracy before the elections in 2005 and that the Movement should transform into a political party as part of the change. This is seen both as a reaction to the increasing criticism of the current system, and as an opportunity for the president to stand again for the presidency in the capacity of leader of the new Movement political party.

Uganda was among the countries where HIV/AIDS was initially discovered, and has since been exemplary to the world in the fight against the disease. In Uganda the infection rates have been successfully reduced through open and non-discriminatory discussion and education and dissemination of information about responsible sexual behaviour. The prevalence rate of HIV continues to fall in Uganda and is presently estimated at 4.1%. AIDS is however still the main cause of death among adults in Uganda and will continue to have a negative economic and social impact for years to come.

UGANDA



Photograph: Kristján Hjaltason



The education system in Uganda was one of the best in Africa at independence. The quality has since declined severely and is today in a very poor state. Among the pillars of the current poverty alleviation action plan in Uganda is the improvement of the education system. Important progress has been made in recent years, e.g. doubling of the enrolment numbers in primary schools between 1996 (3.4 million) and year 2000 (7 million) with the enrolment rate for girls rising from 42% in 1992 to 82% in 1999.

A crucial task for Uganda in the near future is to ensure security in the whole country where certain areas, mainly in the north, northwest and eastern parts are still troubled by terrorist activities. This is essential to facilitate progress in these areas which have been somewhat left out in many aspects in successful development in recent years.

ICEIDA's Development Co-operation with Uganda

Year 2003 is the third year of the development cooperation between Iceland and Uganda. The main areas of cooperation remain in the fisheries sector and areas broadly defined as falling within the social sector. The energy sector with focus on the utilisation of geothermal energy is, however, a new area with important



Photograph: Eria Halldórsdóttir

Rural electrification is a priority in Uganda and alternative energy resources are being sought in order to reduce the load on bio-fuel and improve rural access to “green” energy sources.



Photograph: Ágústa Gísladóttir



potential which was initiated in 2003. Four formal projects have so far been approved for funding by ICEIDA and are being implemented. Additional project components and expansions are being developed in all areas and some will be launched during 2004.

In October 2003 the Icelandic Minister for Foreign Affairs, Halldór Ásgrímsson, visited Uganda with a mission from his ministry and ICEIDA. The opportunity was taken to visit Kalangala, where ICEIDA is involved in an adult literacy project as well as other sites where ICEIDA is actively co-operating with Uganda. The Minister and other members of the mission were impressed by the various development efforts in the country by the government and by the development co-operation between Iceland and Uganda.

The PEAP – Poverty Eradication Action Plan – is Uganda’s planning framework for sustainable economic development and is a strategic guideline for prioritising development actions and projects. It recognises improvement of the lives of the poor as a cornerstone in achieving desirable development in the country and focuses on four main goals or pillars:

- 1) Rapid and sustainable economic growth and structural transformation
- 2) Good governance and security
- 3) Increased ability of the poor to raise their income
- 4) Enhanced quality of life of the poor.

The PEAP was launched in 1997 and remains the main planning framework for economic development with the ultimate goal of reducing absolute poverty in Uganda to less than 10% by 2017.

Education in general, not least adult education, is seen as a crucial instrument for empowering the poor in Uganda to contribute towards economic growth and improve the quality of their own lives. According to the National Adult Literacy Strategic Investment Plan developed by the Ministry of Gender Labour and Social Development in 2002 the aim is to achieve a 50% improvement in levels of adult literacy by the year 2007. This is in line with UNESCO’s goal of Education for All.

Support to the Social Sector

Since 2002, ICEIDA, the Ministry of Gender, Labour and Social Development (MGLSD), and the District Authorities in Kalangala District have joined forces in the implementation of the Functional Adult Literacy Programme (FALP) in the district. Kalangala district is an island community on Lake Victoria which is in many ways unique and different from other districts in Uganda. The livelihood in the district is mainly fishing and related activities unlike Uganda’s other districts, which base their economy mostly on agriculture. The communities in Kalangala are somewhat less established than other communities in the country and many of the people are migrants from all over Uganda and the neighbouring countries who move from place to place depending on the status of the fishery at any given time.

The objectives of the ICEIDA funded FAL project in Kalangala is to enhance the effectiveness of the District in implementing the programme by supporting the ongoing training of instructors, to develop teaching materials which focus specifically on the reality of the people in the fishing communities, and to provide funds for monitoring and supervision of the programme.

In 2003 around 40 new instructors were trained and open classes and two

The project in Kalangala is a pilot project with a specific focus on island communities with fishing and related activities as the main source of income. It is foreseeable that the project will be expanded to other island communities.



refresher courses were held for the established instructors. The “Small Business Course” was developed and piloted with 10 classes in the District. The Icelandic Federation of Labour (IFL) financed the development of the teaching materials as part of its co-operation agreement with ICEIDA. The course is designed for neo literates and those who already know how to read and write. It was developed in close cooperation with local NGO’s and the MGLSD and is the first course of its kind developed for the FAL in Uganda. The Community Development Workers (CDW’s) in the district are responsible for the day-to-day supervision of the literacy classes. In 2003 two of the seven CDW’s have been supported by ICEIDA to do degree courses and two more are being supported by the Ministry to do a Diploma course in Adult Literacy and Community Development. It is expected that the remaining three CDW’s will go for further training in 2004 and 2005. In 2003 a database for the FAL programme was established and information gathering on the progress the FALP is an ongoing activity.

The project in Kalangala is a pilot project with a specific focus on island communities with fishing and related activities as the main source of income. It is foreseeable that the project will be expanded to other island communities on or around Lake Victoria and perhaps to other major lakes in Uganda.

UGANDA



Photograph: Bara Guðmundsdóttir



Photograph: Drífa Kristjánsdóttir

Parallel to development of the official quality system plans are underway to study the state of quality and the understanding of local fishing communities of fish quality issues.

Support to the Fisheries Sector

Fisheries, fish processing and export of fish products are important contributors to economic growth in Uganda. The main species are Nile Perch and Tilapia caught by small-scale fishermen on Lake Victoria. Local fish processing plants process the catch into various types of products for export. The most important market is currently the European Union, but fish is exported to markets in all continents and the current annual export value is in the range of 100 million US\$, holding second place after coffee, the traditional export product of Uganda.

On three different occasions in the last few years Uganda and the East African Region have experienced closure on import of fish products from Lake Victoria into the European market due to certain quality concerns. Ugandan authorities responsible for the quality of fish products have had difficulties in dealing with these cases in past, partly because of inadequate infrastructure and lack of internationally recognised quality systems. ICEIDA has teamed up with the Department of Fisheries Resources (DFR) in Uganda to establish capacity within the official competent authority to facilitate, monitor and assure the quality of fish products in Uganda. This cooperation includes the establishment of the Uganda Fisheries Laboratory in Entebbe, development of an official quality



control system and wide-ranging capacity development through training of local professionals. The ultimate aim is to reach internationally accepted standards and accreditation.

Parallel to development of the official quality system plans are underway to study the state of quality and the understanding of local fishing communities of fish quality issues. It is suspected that considerable loss in quality occurs at this level due to wrong handling, which can be addressed and improved upon through education and dissemination of information. This will initially be targeted at local fishing communities on the shores of Lake Victoria and probably closely linked to the FALP adult literacy project on Ssesse Islands.

Support to the Energy Sector

Development in the Energy sector is crucial for Uganda as for most other developing countries. Uganda stands at a national electrification rate of about 5% of which 80% is confined to the urban population leaving the rural population with very little access to electricity. The current electricity generation in Uganda is close to 250 MW from two main power stations on the Nile. Potential hydropower capacity is estimated at 2 GW, but not all is considered achievable due to various constraints, including environmental conservation concerns.

Rural electrification is a priority in Uganda and alternative energy resources are being sought in order to reduce the load on bio-fuel and improve rural access to "green" energy sources. Among options are geothermal energy resources on the rift in the western part of Uganda. The main areas were surveyed in the early 1990s by a UNDP project financed by ICEIDA and seem to have potential for electricity generation. Potential 450MW of exploitable geothermal energy is suggested but further research and surveying is needed to progress towards exploitation.

ICEIDA and the Ministry of Energy and Mining in Uganda have joined forces to carry out research in 2-3 of the most promising geothermal areas. ICEIDA will provide technical and financial resources to carry out geological and geophysical research and prepare, in collaboration with local experts, a pre-feasibility report for those areas. The research work will be carried out in the beginning of 2004 and a report completed before the end of May. Depending on results and prospects, ICEIDA has expressed willingness to continue to work with Uganda in the development of geothermal energy exploitation.

Other Support

In addition to the projects described previously which all involve active participation of ICEIDA in the implementation, ICEIDA is currently supporting two NGO's in Uganda working in the social sector. The Children's Candlelight Foundation (CCF) is a small NGO operating in Kampala which assists "street girls" to return to normal society by providing social support and education. The CCF has received operational support from ICEIDA since 2002 and will continue to do so for at least one more year. Icelandic interests originally established the CCF.

ICEIDA is funding the construction of a dormitory for 250 girls at the Kitetika Comprehensive College (KCC) in Kampala run by the Uganda-Australia Foundation (UAF). The UAF has had a long-standing cooperation with ABC Children's Aid in Iceland, and has received support from ICEIDA from time to time in the past. The dormitory is expected to be completed by March 2004.

ICEIDA and the Ministry of Energy and Mining in Uganda have joined forces to carry out research in 2-3 of the most promising geothermal areas.

Administration and ICEIDA's Employees in the Year 2003

Board of Directors

Six Board members and alternate members are elected by Parliament for a term of four years. The Chairperson is appointed by the Minister for Foreign Affairs. The present board was last elected in the spring of 2001 and will serve until 2005.

The members of the Board are the following:

Mr Björn Ingi Hrafnsson, *Chairman, appointed by the Minister for Foreign Affairs*
Ms Bryndís Friðgeirsdóttir, *Project Manager, Social Democratic Alliance*
Rev. Hjálmar Jónsson, *Minister, Independence Party*
Mr Jón Skaptason, *General Manager, Independence Party*
Ms Margrét Sigurgeirsdóttir, *Teacher, Independence Party*
Ms Valgerður Guðmundsdóttir, *Sales Manager, Social Democratic Alliance*
Ms Valgerður Jónsdóttir, *Nurse, Progressive Party*

Observer

Mr Jörundur Valtýsson, *Ministry for Foreign Affairs*

Head Office

Mr Sighvatur Björgvinsson, *General Director*
Ms Ágústa Gísladóttir, *Executive Officer*
Ms Helga Sigurðardóttir, *Finance Officer*
Ms Margrét Einarsdóttir, *Programme Co-ordinator*
Ms Sjöfn Vilhelmsdóttir, *Information Officer*

ICEIDA - Malawi

Ms Þórdís Sigurðardóttir, *Country Director*
Mr Guðni M. Eiríksson, *Technical Adviser*
Dr Guðrún Haraldsdóttir, *Project Manager*
Mr Halldór Jónsson, *Project Manager*
Ms Hildur Sigurðardóttir, *Technical Adviser*
Mr Jóhann Pálsson, *Project Manager*

ICEIDA - Mozambique

Ms Elín Rósa Sigurðardóttir, *Country Director*
Mr Guðmundur Guðmundsson, *Technical Adviser*
Ms Hulda Biering, *Technical Adviser*
Mr Margeir Gissurarson, *Project Manager*

ICEIDA - Namibia

Mr Gísli Pálsson, *Country Director*
Mr Baldvin Baldvinsson, *Technical Adviser*
Mr Elfar Óskarsson, *Technical Adviser*
Mr Sigurður Jónsson, *Technical Adviser*
Ms Sjöfn Vilhelmsdóttir, *Project Manager*
Dr Vilhjálmur Wium, *Project Manager*
Mr Vilmundur Viðir Sigurðsson, *Project Manager*

ICEIDA - Uganda

Mr Árni Helgason, *Country Director*
Ms Drífa Kristjánsdóttir, *Project Manager*
Mr Kristinn Kristinsson, *Technical Adviser*

Short-term Consultants in the Year 2003:

Mr Birgir Guðbjörnsson was recruited to undertake installation of programme software for the Monkey Bay Community Hospital in Malawi and provide consultation in computer technology and communication.

Mr Eiríkur Þorbjörnsson conducted an assessment of the technical aspects of the tender documents for the implementation of a satellite surveillance system for the Ministry of Fisheries in Mozambique.

Mr Flatiel Vilanculos carried out an evaluation of the information component of the Information and Training Centre in the Ministry of Fisheries in Mozambique.

Dr Garðar Sverrisson conducted an assessment of the implementation of the Inspection Manual for the official fish inspection in Mozambique, a co-operation project between ICEIDA and the Ministry of Fisheries in Mozambique

Dr Geir Gunnlaugsson, Medical Director, provided a short-term consultancy service for ICEIDA in connection with the ICEIDA funded Project "Monkey Bay Health Care", in Malawi.

Mr Hilmar Helgason, Assistant Hydrographer at the Icelandic Coast Guard, provided a consultancy in connection with the ICEIDA supported Project "Charting of Lake Malawi".

Mr Hilmar Snorrason provided consultancy services to NAMFI in Namibia in upgrading the Institute's Safety Department to IMO requirements.

Dr Hjörleifur Einarsson carried out an external evaluation of the upgrading of laboratory facilities in Maputo and Inhambane, a co-operation project between ICEIDA and the Ministry of Fisheries in Mozambique.

Mr. James A. Khonje and Mr George Kachere were recruited to provide internal consultancy services for the ICEIDA supported "National Adult Literacy Programme" in Malawi.

Dr Jónína Einarsdóttir carried out an external evaluation of the co-operation between the Ministry of Women and Co-ordination of Social Welfare in Mozambique and ICEIDA.

Ms Snjólaug Haraldsdóttir, Systems Analyst, was recruited to work on a short-term basis in servicing the computers at the ICEIDA Country Office in Malawi.

Mr Þorvaldur Jónsson provided consultancy services to NAMFI in Namibia in capacity building in institutional and financial management and business practices.

Mr Þór Ásgeirsson provided consultation services in connection with preparation of establishing and organising of the training component of the Information and Training Centre of the Ministry of Fisheries in Mozambique.

Mr Þór Ásgeirsson, Dr Stanley Kaila and Dr Charles Masangano carried out an external evaluation of the ICEIDA funded Project at Bunda College of Agriculture in the Aquaculture and Fisheries Science Department, in Malawi.

Ms Valgerður Gunnarsdóttir, librarian and documentalist provided consultancy at the ICEIDA Head Office in documentation management.

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Endorsement of the Annual Accounts

ICEIDA is a government agency subject to the authority of the Foreign Ministry. The Agency operates in accordance with Act No. 43/1981. The Agency has the objective of promoting co-operation between Iceland and the developing countries. The purpose of such co-operation is to support the efforts of the governments of these countries to improve their economies and thereby participate in strengthening their social and political independence within the framework of the United Nations Charter. Furthermore, the Agency has the task of promoting mutual understanding and solidarity between Iceland and the developing countries through increased trade and cultural relations.

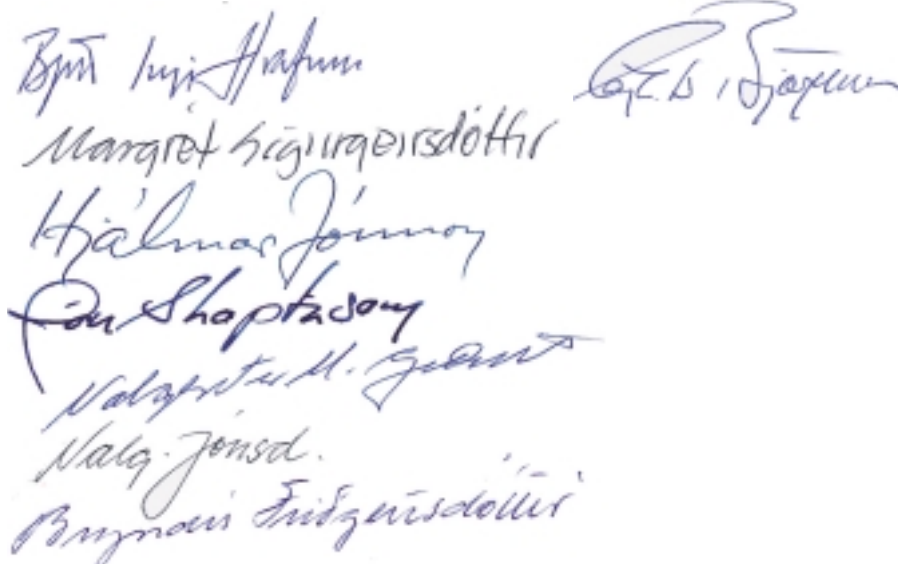
In 2003 there was an approximately ISK 33.9 million surplus in the operation of the Agency, principally as a result of delays in Agency projects in partner countries and the strong position of the Icelandic króna against the US dollar. According to the Balance Sheet, the assets of the Agency amounted to ISK 58.7 million and equity amounted to ISK 39.5 million at year-end 2003.

The Board of Directors and the Director General endorse the Annual Accounts of the Agency for the year 2003 with their signatures.

Reykjavík, 30. October 2004

On the Board of Directors

The Director General


Björn Ingi Hafsson
Margrét Sigrúnarsdóttir
Hálmarr Jónsson
Einar Skoptason
Halgrímur M. Guðmundsson
Halgrímur Jónsson
Þryggvís Friðgeirsdóttir

Auditor's report

To the Board of Directors of ICEIDA

We have audited the annual accounts of ICEIDA for the year 2003. The annual accounts consist of the Profit and Loss Account and the Balance Sheet. The annual accounts are submitted by the Director General of ICEIDA and on his responsibility pursuant to law and regulations. Our responsibility is to express an opinion on these financial statements based on our audit.

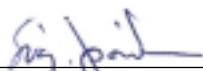
The audit was performed in accordance with the provisions of the Act on the Icelandic National Audit Office and generally accepted auditing practices which involve, inter alia:

- providing reasonable assurance that the annual accounts are free of material misstatements;
- examining internal controls and assessing whether such controls ensure appropriate results;
- examining whether the accounts are in compliance with the Fiscal Budget, the Supplementary Fiscal Budget Bill and other Acts, lawful instructions, codes of practice and assigned tasks, as appropriate;
- examining and certifying the reliability of key indicators concerning the scope and results of the operation, if such indicators are published with the annual accounts.

The audit includes examining, on a test basis, evidence supporting the amounts and other disclosures in the annual accounts. The audit also includes assessing the accounting principles used and the significant estimates made by management in the preparation of the annual accounts and their overall presentation, as applicable to government agencies falling within the scope of Section A of the State Budget. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the annual accounts present fairly the performance of ICEIDA in 2003, its financial position as at 31 December 2003 and changes in cash in the year 2003 in accordance with the law, regulations and generally accepted accounting practices for A-Section institutions.

The Icelandic National Audit Office, 31. October 2004.



*Sigurdur Thordarson,
The Auditor General*



Sigurjón I. Haraldsson

Audit Report 2003

Profit and Loss Account for the Year 2003 US\$		
Income	2003²⁷	2002²⁸
Own income	38.759	33.407
	<u>38.759</u>	<u>33.407</u>
Expenses		
Head Office	574.233	376.512
Malawi	1.954.905	1.567.581
Mozambique.	1.023.739	1.067.838
Namibia	1.002.961	1.178.421
Uganda	956.213	475.898
Other Development Assistance	204.752	131.783
	<u>5.716.803</u>	<u>4.798.033</u>
Deficit excl. cost of financing	(5.678.044)	(4.764.626)
Interest income (financial expenses)	3.561	8.043
	<u>3.561</u>	<u>8.043</u>
Earnings (deficit) before State Budget Appropriation	(5.674.483)	(4.756.583)
State Budget Appropriation	6.117.278	4.809.098
	<u>6.117.278</u>	<u>4.809.098</u>
Revenue balance	442.975	52.515
	<u>442.975</u>	<u>52.515</u>

²⁷ Average exchange rate for the year 2003; 76,57 ISK/USD as valuated by Central Bank of Iceland

²⁸ Average exchange rate for the year 2002; 91,67 ISK/USD as valuated by Central Bank of Iceland

Balance Sheet 31 December 2003 US\$

Assets	2003	2002
Current Assets		
Current Debtors	7.761	7.419
Cash and Cash Equivalents	758.404	157.387
Total Assets	<u>766.165</u>	<u>164.806</u>
 Equity and Liabilities		
Equity		
Principal 01.01. 2003	72.851	33.389
Value Adjustment Transferred to Principal	0	(25.053)
Revenue Balance	442.795	52.515
Equity	<u>515.646</u>	<u>60.851</u>
 Liabilities		
Current Liabilities		
Treasury	28.306	27.591
Unpaid Expenses	222.212	76.364
Liabilities	<u>250.518</u>	<u>103.955</u>
 Equity and Liabilities	 <u>766.165</u>	 <u>164.806</u>

Abbreviations

AFdE	Association Femme d'Europe	IMF	International Monetary Fund
AFSD	Aquaculture and Fisheries Science Department	IMO	International Maritime Organisation
AIDS	Acquired Immune Deficiency Syndrome	IRC	Icelandic Red Cross
AU	African Union	ISK	Icelandic Crown (króna)
AUPE	Adult Primary Education	ITC	Information and Training Centre
AVIMAS	Associação das Viúvas e das Mães solteiras	JICA	Japanese International Co-operation Agency
BCC	Benguela Community Centre	KCC	Kitetika Comprehensive College
CCF	Children's Candlelight Foundation	LLP	Lüderitz Literacy Project
CDW	Community Development Worker	MCP	Mahetago Community Project
CVM	Mozambican Red Cross	MFMR	The Ministry of Fisheries and Marine Resources
DAC	Development Assistance Committee	MGLSD	The Ministry of Gender, Labour and Social Development
DFID	Department for International Development - The British International Development Agency	NAI	Nordic Africa Institute
DNM	Direcção Nacional das Mulheres - National Directorate for Women	NALP	National Adult Literacy Programme
Eco	The Fisheries Economic Database	NAMFI	Namibian Maritime and Fisheries Institute
EBRD	European Bank for Reconstruction and Development	NDF	Nordic Development Fund
EU	European Union	NDP2	The Second National Development Plan
FALP	Functional Adult Literacy Programme	NEPAD	New Partnership for Africa's Development
FAO	Food and Agriculture Organisation	NGO	Non Governmental Organisation
GAPI	Sociedade para Apoio a Pequenos Projectos de Investimento	OECD	Organisation for Economic Cooperation and Development
GDP	Gross Domestic Product	OFCF	Overseas Fishery Co-operation Foundation
HIV	Human Immunodeficiency Virus	PEAP	Poverty Eradication Action Plan
IBDP	Icelandic Business Development Programme	PRS	Poverty Reduction Strategy
IBRD	International Bank for Reconstruction and Development	REFLECT	Regenerated Freiean Literacy Through Empowering Community Techniques
ICB	International Competitive Bidding	SADC	Southern African Development Community
ICEIDA	Icelandic International Development Agency	SWAPO	The South West Africa People's Organisation
IFAD	International Fund for Agricultural Development	UN	United Nations
IFC	International Finance Corporation	UNDP	United Nations Development Programme
IFI	International Financing Institute	UNESCO	United Nations Educational, Scientific and Cultural Organisation
IFL	Icelandic Federation of Labour	UNU	United Nations University
IIP	Instituto de Investigação Pesqueiras	WFP	World Food Programme.



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ICELANDIC INTERNATIONAL DEVELOPMENT AGENCY