

ICEIDA

# ANNUAL REPORT



2005



ICELANDIC INTERNATIONAL DEVELOPMENT AGENCY

**ICEIDA**

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Photograph: Skarphéðinn Þórisson

Development co-operation is now an ever important part of Iceland's foreign policy and a priority issue in the Ministry for Foreign Affairs. Since 1999 Iceland's official development assistance (ODA) has more than tripled, and will further triple in size over the next three years. The immediate target has been set for Icelandic ODA to reach 0.35% of GNI in 2009 and looking further our ultimate goals should be the UN target of 0.7%.

This is a clear sign of the growing recognition of the importance of global development as well as Iceland's determination to shoulder its political and moral obligations as a prosperous and responsible member of the international community. This increase also illustrates our strong support for the Millennium Development Goals and the Monterrey Consensus, which are operationalised through nationally owned development strategies and the Paris Declaration on Harmonisation and Alignment. Good quality development assistance should be looked upon as an investment that can play a crucial role in the fight against global poverty, which again contributes to increased stability, peace and security in the world.

This fast growth of Icelandic ODA places increased responsibility on ICEIDA and expands the Agency's workload substantially. Subsequently, the Agency has now added two new partner countries, Nicaragua and Sri Lanka, to the four countries in Sub-Saharan Africa it has successfully co-operated with in past years. ICEIDA has also added new sectors to its project portfolio, such as in the field of water and sanitation and private sector development.

Geothermal energy is another area where ICEIDA now offers its specialized assistance by making available Iceland's own particular experience and expertise. Lack of access to energy hampers development in many parts of the world and Iceland has long experience in harnessing its own energy resources in a sustainable and affordable way. Gender issues have also played an increasing role in ICEIDA's work and will continue to do so in the coming years, along with its growing support to health, fisheries, education and social sectors.

ICEIDA is now charged with the challenge of the rapid increase of Icelandic ODA. This is a challenging task and an enormous responsibility that can only be managed and achieved with highly motivated, inventive and knowledgeable staff, both in the field, as well as at the headquarters. I am confident that the Agency has on board the manpower and the skills to carry out and further strengthen ICEIDA's work in an effective and responsible manner.

Foreword by  
Ms Valgerður Sverrisdóttir,  
Minister for Foreign Affairs



  
Valgerður Sverrisdóttir

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# Highlights from the Home Office

## Introduction

The year 2005 marked the five-year anniversary of the adoption of the United Nations Millennium Development Declaration with the eight points of emphasis referred to as the Millennium Development Goals, or MDGs.

1. Eradicate extreme hunger and poverty.
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

The MDGs represent a common criteria for development co-operation. The MDGs lay down objectives to be met by the year 2015, that will ensure that by that year, the proportion of people suffering from poverty and hunger is half of the year 1990, which is used as a base year. The MDGs represent an unprecedented opportunity to deal with poverty as they are based on a global partnership and have political support both in the developing as well as in the developed world. In order to finance the increased focus on development co-operation, at a conference in Monterrey, Mexico, the UN member states adopted what is referred to as The Monterrey Consensus on Financing for Development of 2002, which has further strengthened the partnership with a firm commitment to sound, free-market economic policies, good governance, gender equality and human rights. Finally, The Paris Declaration on Aid Effectiveness, Ownership, Harmonisation, Alignment, Results and Mutual Accountability adopted in March 2005, lays down a set of guidelines that the signatories; governments, organisations and representatives from civil society agree to follow.

The year 2005 saw an increased focus towards Africa and the developed world, possibly because of the anniversary of the MDGs and the adoption of the Paris Declaration.

Iceland, as a member of the UN, and signatory to the above mentioned declarations has pledged to work together with its partner countries towards the attainment of the MDGs. It is in that spirit that in 2005, the Icelandic government continued to increase funds for development co-operation. In the year 2005, the funds for bilateral development co-operation amounted to 8,712,764 US\$, which is a significant increase from 2004 when the disbursements were just under 7 million US\$. However, the Icelandic economy continued to grow, which slows the pace of the percentage increase of development assistance. Nevertheless, to translate the MDGs into national policy calls for a strong relationship and firm commitment between the donor and the partner countries.

Although in the year 2005, Africa and the developing world in general received much attention, one must keep in mind that the MDGs are a continuing phase, not something that is accomplished.



The Ministry for Foreign Affairs published Iceland's Policy on Development Co-operation 2005-2009. The paper gives an overview of Icelandic development co-operation and presents the points of the Government until the year 2009, not only bi-lateral development co-operation but participation in multilateral development co-operation, emergency relief and Iceland's involvement in peace building.

## State of allocations

As stated in Iceland's Policy on Development Co-operation 2005-2009, the Government of Iceland has pledged to increase the weight of development co-operation and to promote bilateral relations with developing countries. The achievement of the goals set out at various UN summit meetings in the past years, and to increase ODA to 0.35% of Gross National Product in 2009. The year 2005 saw an increase of 25% in allocations for bi-lateral development co-operation from 6,958 million dollars in 2004 to 8,713 million dollars in 2005. ICEIDA operates on a project-based approach, as the law establishing the Agency limits any participation based on silent partnership. This increase in funding has shown to be rather challenging for the Agency, in particular the field offices as each project must be carefully and methodologically planned and prepared in order to maximise the prospects of successful implementation.

## Change of Minister

On 27 September 2005, Mr Geir H. Haarde, replaced Mr Davíð Oddsson as Minister for Foreign Affairs, who announced his retirement from politics and took up the post of Chairman of the Board of Governors at the Central Bank of Iceland. Mr Haarde served as Minister of Finance from 1998 and vice president of the Independence Party from 1999. The Foreign Minister continued to reinforce Icelandic international development aid and to carry out the policy on foreign aid adopted in 2004.

## Library

In June, ICEIDA and the University of Iceland concluded an agreement stipulating that ICEIDA will donate all its books in the ICEIDA library to the University Library (Landsbókasafn Íslands-Háskólabókasafn). In addition, ICEIDA will make a financial contribution to the National Library of the amount of ISK 1 million for the next four years that are intended for the purchase of relevant literature in the field of development co-operation. ICEIDA will continue to have access to the library in accordance with general rules of access to information and literature.

## Co-operation with Civil Society

ICEIDA continued to foster good relationship with civil society both in Iceland and in the partner countries. New co-operation agreements were concluded with several Icelandic or Iceland-based NGOs such as ABC Children's Aid, SPES Children's Aid. The agreement with ABC Children's Aid is until the end of 2007 and covers co-operation in specific projects such as the Kitetikka project in Uganda. The agreement with SPES, is for the construction of an orphanage in Togo.

ICEIDA has for the past years co-operated with the Medical Faculty of the University of Iceland, in particular relating the research projects of medical students in Malawi. In 2005, two third-year medical students spent five weeks in Monkey Bay, Malawi in order to conduct research on, on one hand the implementation of Integrated Management of Childhood Illness (IMCI) and on the other support to pregnant women relating to childbirth in Monkey Bay.

*The year 2005 saw a increased focus towards Africa and the developed world, possibly because of the anniversary of the MDGs, the adoption of the Paris Declaration.*

ICEIDA also responded to various requests from other representatives of civil society including a grant to the Icelandic International Film Festival held in Reykjavik in October.

### Internship Programme

ICEIDA launched an internship programme in 2004, and based on its success, it was decided to broaden the programme and advertise for interns for all the partner countries. There is an increasing interest in development co-operation among young graduates, which was reflected in the number of applications for the four positions. After a lengthy selection process in consultation with the country offices, four individuals were selected and began their work in June and stayed until December. The interns worked on various tasks as defined by the country offices and depending on the workload.

### Short-term consultancies

During 2005, over 20 short-term consultancies were carried out by experts in various fields relating to ICEIDA's work. With the increased funds channelled to



Photograph: Lijla Dóra Kolbeinsdóttir

*The Government has pledged to increase ODA to 0.35% of Gross National Product in 2009.*

development co-operation, it is important to conduct thorough assessments and feasibility studies in order to secure the viability of the programmes and projects. The increased number of short-term consultants will also create knowledge and expertise regarding the partner countries in Iceland. The consultants vary a great deal in their field of expertise. Annex I of the report provides a list of the consultants, their field of expertise and the country and or project they assessed or evaluated.

### New partner countries Sri Lanka and Nicaragua

Preparations continued for the new partner countries, Sri Lanka and Nicaragua. In late 2004, a team of experts visited Sri Lanka in order to identify projects for possible co-operation. Because of the tsunami disaster that hit on 26 December 2004, in addition to the tremendous loss of life and property, the fisheries sector in Sri Lanka was hit particularly badly with damage extending to about two thirds of the coastline. Because of that, a team was sent to the island in February to re-assess the situation. The tsunami had a profound effect on both the sector as well as the interest of other organisations and agencies to engage in development projects as the bulk of the efforts and funds were indeed needed for emergency relief. The Government approved to increase aid for Sri Lanka threefold in response to the tsunami catastro-



phe and the funds will be channelled through ICEIDA and be used for projects that the Government of Sri Lanka considers most urgent. Nevertheless, based on the study made in October 2004, the team identified six potential projects in the fisheries sector. The sector is very important in Sri Lanka as fisheries provide around 70% of the animal protein of the population and fish consumption is above the world average. The sector is divided into marine fisheries and inland fisheries, with coastal fisheries being the most important, accounting for over 60% of the total production and dominated by artisanal fishermen serving the domestic market. In June, the General Agreement on Bi-lateral Development Co-operation was signed in Colombo, and the Embassy of Iceland/ICEIDA office inaugurated shortly thereafter.

Preparations for the general agreement between Iceland and Nicaragua also continued during 2005. The focus will be on co-operation in the field of geothermal energy, in particular relating to capacity building in the public administration.

### Scholarships

As previous years, ICEIDA continued to offer two types of scholarship programmes. One is offered to fellows at the United Nations University's Fisheries Training Programme in Reykjavik and the other to Icelandic Masters and PhD

Photograph: Skarphéðinn Þorisson



students. This is an important part of strengthening the collaboration with the academic world, both in the developing countries and in Iceland. Three fellows studied at the United Nations University Fisheries Training Programme, one from Mozambique, who studied the planning of sustainable small scale aquaculture in Mozambique and two from Sri Lanka, one who studied the effect of colour of mainline and different snoods attachment on catching efficiency of linline and the other conducted a review of the offshore fishery and data collection programme in Sri Lanka

In 2005, two grants were offered, one to a Masters student and the other to a PhD student. The research projects must be in a field relevant to the agency's field of work or geographical areas. One grant was offered to a Masters student who is researching the social, economic and political impact of development projects on the local communities in Malawi and the attitudes of both the locals as well as the development workers towards the projects. The PhD student is researching the significance of the digital divide in schools in South Africa, in particular sociological and cultural differences in the use of computers and the internet and how the use of the English language in schools affects the use of computers.

*Preparations continued  
for the new partner countries,  
Sri Lanka and Nicaragua.*

## Introduction of a new system for financial management

A new system for financial management was introduced during 2005 to the whole Icelandic public administration, including ICEIDA. The new system, Oracle E-Business Suite is adapted to the needs of the state administration and encompasses financial transactions, human resources, procurement, etc. The system is operated on-line via the internet, which did provide for a somewhat painful transition for the ICEIDA country offices in those partner countries where internet connections are unstable or fragile. One of the impacts of the new system is that the disbursements are now classified in accordance with the OECD-DAC system of classifications.

## New Regulation

In September, the Minister for Foreign Affairs, Mr. Davið Oddsson, issued a new regulation based on the Law 43/1981 on the Icelandic International Development Agency. The new regulation expands the scope of the Agency's responsibilities to multi-lateral development co-operation in addition to bi-lateral development co-operation.



Photograph: Arni Helgason

*ICEIDA has increasingly recruited local experts where possible and hired short-term consultants rather than permanent technical advisors.*

## Personnel

In 2005, the ICEIDA staff increased considerably, mainly because of the rapidly increasing scope of the Agency's activities both in the partner countries and at the head office. At the end of the year there were six staff members at the head office and 15 in the field. In addition, there were numerous locally recruited staff in all country offices. ICEIDA has increasingly recruited local experts where possible and hired short-term consultants rather than permanent technical advisors.



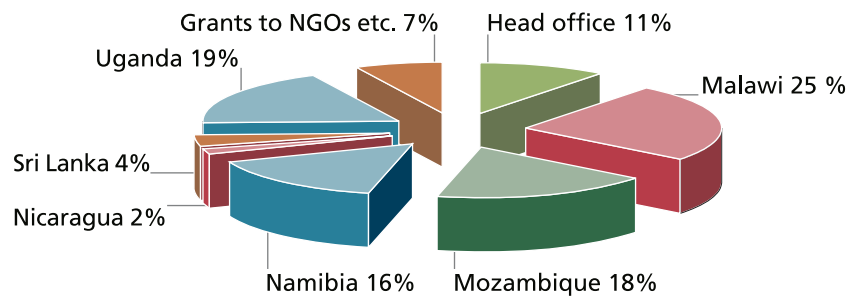
Photograph: Skarphéðinn Þórisson



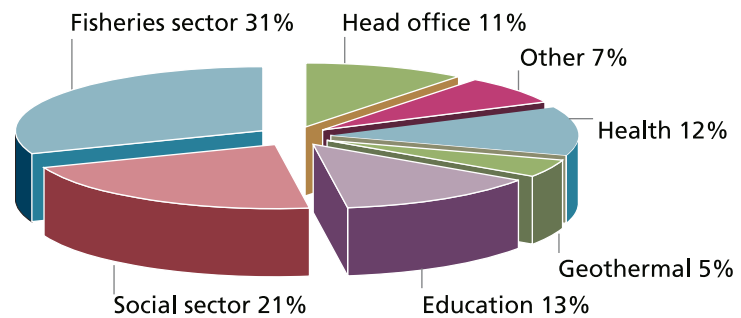
## Financial Statement 2005

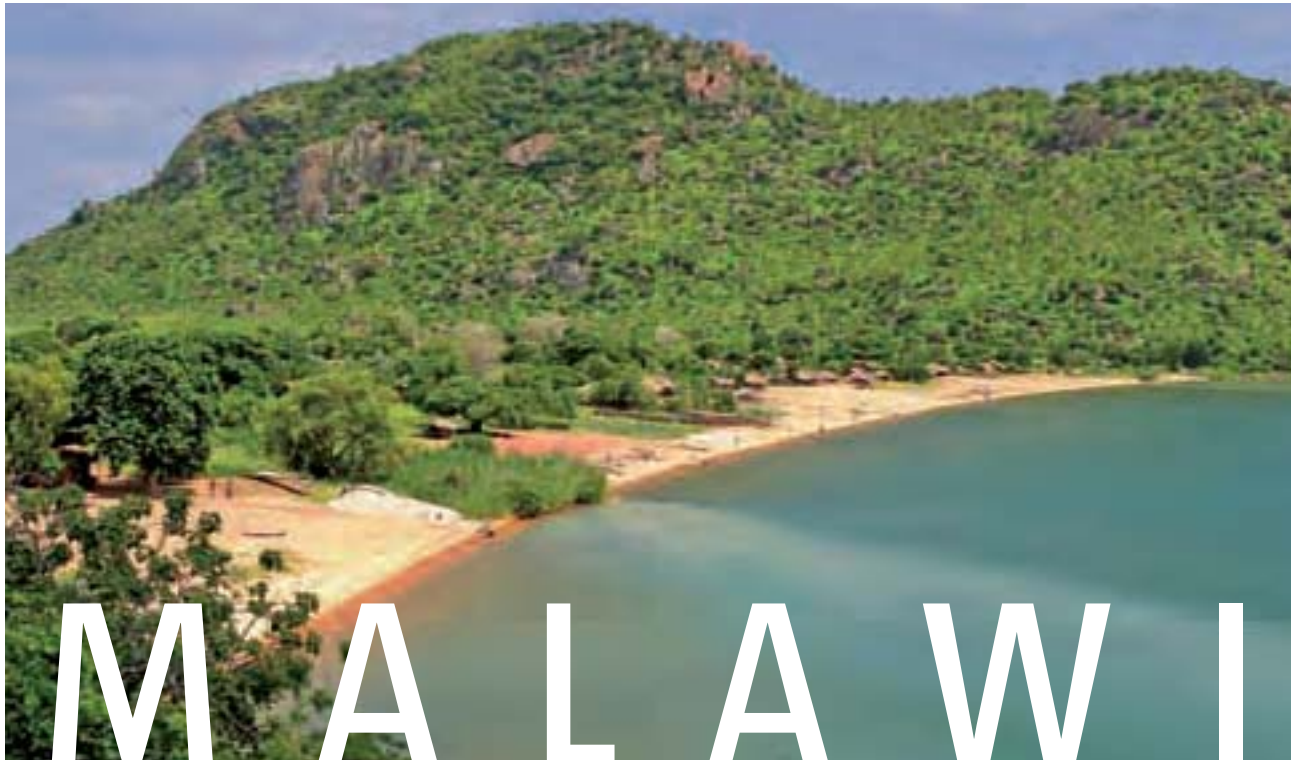
Icelandic development aid as a ratio of GNI was 0,18% in the year 2005, in spite of efforts to increase substantially both contributions as well as the ratio, Iceland's contributions increase at the same time as the economy growing rapidly so the target of 0,23% was unfortunately not met, Approximately 33% of the total budget went to bilateral development cooperation, administered by ICEIDA or USD<sup>1</sup> 8,712,764,

### Expenditures – Geographical Distribution US\$



### Expenditures – Sectoral Distribution US\$





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**The main goal of the Icelandic assistance is to support the Government of Malawi to implement their policy and plan of poverty reduction in the country.**



Photograph: Skarphéðinn Þórisson



## INTRODUCTION

Malawi is the main recipient of ICEIDA support, with an estimated budget of approximately 3,071 million US\$ for the year 2006.

According to the 2005 United Nations Human Development Report, Malawi is the thirteenth poorest country in the world. Malawi's economy is predominantly based on agriculture, which accounts for about 45% of the GNP and more than 90% of the country's export earnings. Around 85% of the population are agricultural smallholders and at least 80% of the agricultural production comes from smallholder farmers, mostly holdings which occupy less than one hectare of land. Reliance on maize leaves a large proportion of the population vulnerable to food insecurity and malnutrition when the harvest is poor<sup>7</sup>.

An estimated 65.3%<sup>8</sup> of the population lives below the income poverty line (41.7% on less than one dollar per day and 76.1% on less than 2 dollars per day) and the majority of those households experience food shortages, especially between the months of November and February.

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### MALAWI – Key Figures

Land area	118,484 km <sup>2</sup>
Population	12,6 million <sup>2</sup>
Population growth rate (2003-2015)	2,2% <sup>3</sup>
GDP per capita	149 US\$ <sup>4</sup>
GDP per capita PPP <sup>5</sup>	605 US\$
GDP growth rate 2005	1,0% <sup>6</sup>
Life expectancy at birth (2000-2005, est.)	39,6 years
Adult literacy rate (age 15 and above)	64,1%
HIV/AIDS prevalence	14,2%
Icelandic aid	2,230,961 US\$

Statistical sources if not otherwise specified: **Human Development Report 2005**, Published by the United Nations Development Programme.  
<sup>2</sup> Country Profile Malawi, 2006. The Economist Intelligence Unit.  
<sup>3</sup> Country Profile Malawi, 2006. The Economist Intelligence Unit.  
<sup>4</sup> Country Profile Malawi, 2006. The Economist Intelligence Unit.  
<sup>5</sup> Purchasing Power Parity. A rate of exchange that accounts for price differences across countries, allowing international comparisons of real output and incomes.  
<sup>6</sup> Country Profile Malawi, 2006. The Economist Intelligence Unit.

During the second half of the year 2005, Malawi faced an enormous food crisis. According to the June 2005 Malawi Vulnerability Assessment Committee (MVAC) food security report, 4.2 million people were estimated to need food assistance. The agricultural season had started very well 2004/2005. At the end of January, the situation drastically turned around and most parts of the country experienced dry spells that lasted for more than one month, the worst affected districts being in the south and the central regions<sup>9</sup>.

The President of Malawi Dr Bingu wa Mutharika declared a famine in the country in October and asked for support from the international community. The World Food Programme had already been alerted and the Malawi Government, with support from donors, was able to cover the need for food and prevent a state of emergency. The Icelandic Government provided support through the World Food Programme amounting to six million ISK.

Since 1980, Malawi's economic policies have been influenced significantly by the World Bank (WB) and the International Monetary Fund (IMF). Malawi's economy is also highly dependent on international donors and an IMF programme has been a key criterion for disbursement by other donors. Contributions from donors are projected to cover 44% of total expenditure in the 2005/2006 national budget.<sup>10</sup>

<sup>7</sup> United Nation Development Assistance Framework, 2002-2006: 14.  
<sup>8</sup> UNDP: Human Development Report 2005, p. 229.  
<sup>9</sup> World Food Programme: Fact sheet June 2005.  
<sup>10</sup> EIU: Country Report April 2006, p 13.





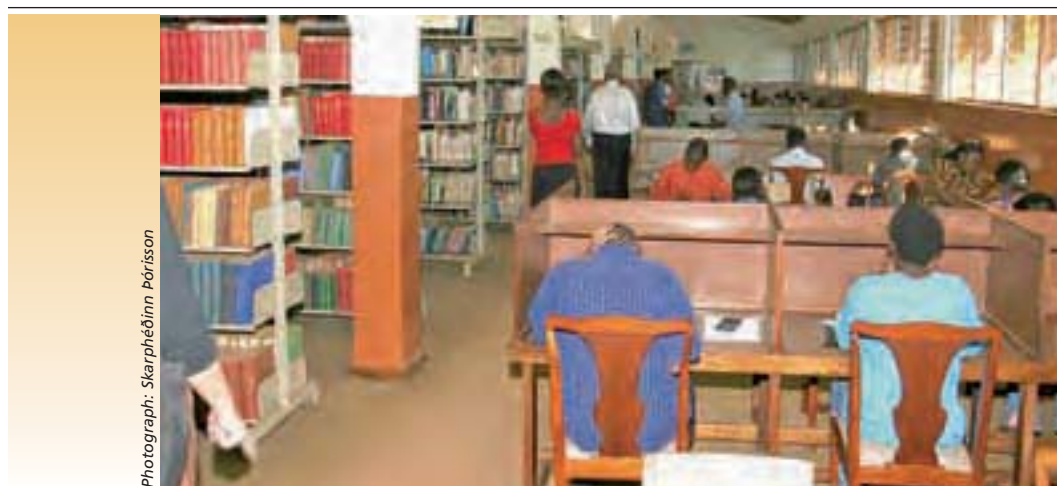
There has been significant improvement in economic management during Dr Bingu wa Mutharika's term of office.

The Government, led by the Minister of Finance, has made efforts to strengthen fiscal discipline. In June 2005, an agreement between Malawi and IMF was signed on a poverty reduction and growth facility (PRGF). Assuming that the PRGF remains on track, Malawi should reach IMF-World Bank's completion point for heavily indebted poor countries (HIPC) around the middle of 2006. The country should then be eligible for debt relief from the IMF and other multilateral creditors and donors.<sup>11</sup>

The political scene in the country was heavily influenced by the split between the President, Dr Bingu wa Mutharika, and the United Democratic Front (UDF). Former president Dr Bakili Muluzi was the UDF party's national Chairman, but Dr Bingu wa Mutharika was UDF's candidate in the presidential elections in 2004.

Early in 2005, the President decided to quit the UDF and announced his intention to form his own party. The Democratic Progressive Party was founded in May 2005 and 80 out of 193 members of parliament supported the President. The opposition, led by former president Dr Bakili Muluzi, made efforts to impeach

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the President. The grounds for impeachment were weak. The constitution was unclear on the issue and the impeachment would need to be backed by two-thirds of parliament, but the President could count on the support of more than a third. Despite great opposition Dr Bingu wa Mutharika managed to pass the 2005/2006 budget through parliament in July 2005.<sup>12</sup>

### ICEIDA's Development Co-operation

The development collaboration between the Malawi Government and ICEIDA dates back to 1989. The relations between Malawi and ICEIDA are good and Malawi continues to be ICEIDA's main partner country. Icelandic support to the country has increased significantly in recent years. ICEIDA's aid is concentrated on 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. The main goal of the Icelandic assistance is to support the Government of Malawi to implement their policy and plan of poverty reduction in the country. The Malawi Poverty Reduction Strategy paper expired in the middle of 2005 and the Government has been developing a new policy paper "The Malawi Growth and Development Strategy" for the next five years. It will be a policy framework that addresses both economic growth and social policies. All ICEIDA's activities are

<sup>11</sup> EIU: Country Report April 2006, p 8.

<sup>12</sup> EIU: Country Profile Malawi 2006, pp. 7-9.



Photograph: Skarphéðinn Þórisson





carried out under the General Agreement on Bilateral Cooperation between the governments of the two countries.

### Support to the Health Sector

According to the recently published Malawi Demographic and Health Survey of 2004<sup>13</sup> challenges to the health sector are still great. For every 100,000 live births, 984 mothers die from pregnancy related complications. One out of every eight children dies before the age of five and the HIV prevalence of Malawian adults age 15-49 is 12%. Malawi has one of the highest HIV prevalences in the world. Mother to child transmission accounts for about 25% of all new HIV infections.

The Malawi Growth and Development Strategy of 2005<sup>14</sup> stresses the importance of economic growth. A healthy and educated population is the foundation for achieving that goal. Theme three of the MGDS revolves around social development of which health is a crucial factor. The goals set forth regarding health in the MGDS are increased life expectancy and to reverse the declining trend of life expectancy, decreased maternal mortality rate and child morbidity and mortality, reduce the spread of HIV/AIDS in the general population and in high risk sub-groups, improve the quality of life of those infected and affected by AIDS and

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Photograph: Skarphéðinn Þorisson



to mitigate the health, socio-economic and psychosocial impacts of HIV/AIDS on individuals, families, communities and the nation.

ICEIDA has supported the health sector in Monkey Bay, Mangochi District, since 2000 through the building of a community hospital. The new hospital opened its doors in June 2003 and since then emphasis has been put on strengthening hospital and outpatient services through training and infrastructure support.

Community hospitals are a new concept within the health sector in Malawi. Community hospitals are still integrated into District Implementation Plans along with health centres. They are not cost centres and therefore the actual cost of running such hospitals is not clear. In an attempt to shed light on the actual running cost of such institution, ICEIDA commissioned an independent cost evaluation of the Monkey Bay Community Hospital. The information collected through the exercise will be integrated into an independent budget line for MBCH, hopefully in the near future.

In light of high maternal mortality and high birth rate per woman, ICEIDA is committed to support reproductive health services, both through hospital and community activities. In the past three years, systematic training and refresher courses have been

<sup>13</sup> Malawi Demographic and Health Survey 2004. National Statistical Office Zomba, October 2005.

<sup>14</sup> The Government of Malawi: Malawi Growth and Development Strategy: November 2005.





held for traditional birth attendants working in the community, as well as community based distribution agents. Supervision of these volunteers has also been strengthened. According to a study done by a Malawian medical student in July 2005, only 5% of women in Monkey Bay Health Zone gave birth at home without the support of either a Traditional Birth Attendant (TBA) or a health professional, as compared to nationwide figures at 16%. According to Health Management Information System (HMIS) statistics, the number of contacts seeking modern methods of family planning either at a health centre or from CBDA has also surged.

An ambulance is still run by ICEIDA, which services five health centres within the zone and connects those centres to the district hospital in Mangochi where women are referred for caesarean sections.

A Volunteer, Counselling and Testing (VCT) Centre was opened at Monkey Bay Community Hospital in April 2005. At the end of 2005, 674 clients had been tested at the centre. Out of those over 100 women had been counselled and tested in the Prevention of Mother to Child Transmission Program. Preparations are under way for the opening of an Antiretroviral Treatment Centre.

Since 1995, ICEIDA has collaborated with the charity organization Friends of Kamuzu Central Hospital in the upgrading and rehabilitation of the health facilities at Bottom Hospital in Lilongwe. This year, ICEIDA funded the upgrading of facilities at the psychiatric wards. This was the 10th project ICEIDA enters into with the organisation.

## Support to Education and Social Development

The fight against adult illiteracy is an ongoing challenge in Malawian society. Literacy levels remain low, with roughly 40% of the adult population being illiterate. The figure is even higher among the female population with around 60% of women being functionally illiterate. In order to gain real headway with development work and equip the general population with the means necessary to increase the quality of their lives, basic education is of utmost importance. Increased literacy levels among the rural poor and women in particular are the key to the success of various development endeavours and thus projects such as the ICEIDA-sponsored adult literacy project in Monkey Bay may be seen as the backbone of the development process.

*The fight against adult illiteracy is an ongoing challenge in Malawian society. Literacy levels remain low, with roughly 40% of the adult population being illiterate.*

ICEIDA started support of the National Adult Literacy Programme (NALP) in rural villages in the Monkey Bay zone in 2001. Since that time, the programme has gained in strength year by year, and by the end of 2005, literacy circles were functioning in 34 villages in the area.

Through the basic principles of the REFLECT approach, the programme engages the participants in literacy training which in turn encourages them to have a critical look at their culture. In the training, they shall be empowered to find their own voice and make efforts to change their situation and make positive changes in the wider community.

By recognising the close link between poverty and illiteracy, the programme uses the REFLECT approach to link literacy training to community development and empowerment. In concord with the MDG, the Malawi National Gender Policy and ICEIDA's Gender Equality Policy, the programme's overall objective is also to promote increased gender equality on both community and institutional level.

A great deal of training activities took place during the year. Training of literacy facilitators and literacy committees, both initial and recurrent, was conducted. The Project's extension workers received computer training and training ena-



Malawi's poverty reduction strategy paper recognises the importance of access to education.



Photograph: Skarphéðinn Þórisson





bling them to gain driver's licences for the motorcycles used to deliver the services necessary to the villages within the Project's area. The extension workers as well as the ICEIDA staff member in the field took part in a course for the training of trainers under the REFLECT approach organized by MAREFO<sup>15</sup>.

A new post-literacy booklet was published during the year, a recipe book written by one of the members of the project co-ordination team who is a specialist in nutrition. Extra copies of the 12 previously published booklets were also printed to satisfy the need for reading materials in the rural information centres in the villages.

The literacy circles engaged in a number of action points during the year. The identification and implementation of action points is an integral part of the community development and empowerment aspect of the REFLECT approach. Out of about twenty action points identified, nine received direct funding from ICEIDA and at least one further received funding through MASAF. The action points funded by ICEIDA were mainly in the field of construction with some engaging in irrigation schemes. The progress of most action points was satisfactory but in some instances extra funds were needed in order to allow for the completion of the projects.

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Photograph: Skarphéðinn Þórisson

*The Monkey Bay Adult Literacy Project was extended both in time and geographically.*

The initial phase of the ICEIDA sponsored ALP in Monkey Bay, came to a close at the end of 2005. The development partners, ICEIDA and the Malawian Government represented by the MoGCWCS<sup>16</sup> decided to extend the project, both temporally and geographically. This was in accordance with the recommendations of the external evaluation from September 2004. During the new phase, which will be ongoing from early 2006 to 2010, the project will extend to the whole of Traditional Authority Nankumba within Mangochi District. The Project Document stipulates that by the end of the project period the ALP services will have been extended to 90 villages within the Traditional Authority.

In preparation of the continuation and geographical expansion of the Monkey Bay Adult Literacy Project, an assessment of the need and interest in adult literacy education on the west side of Nankumba Traditional Authority was conducted in April by an external consultant. The objective of the assessment was to collect socio-economic information about the new Project area, assess existing literacy activities in the area, and provide input into the Project's plan from potential learners. Following the outcome of the assessment, work on a new Project Phase started. A task force consisting of the ICEIDA Project Manager, the ICEIDA AFO, the MoGCWCS Deputy Director of Community Services and the National Coordinator for NALP was set up

<sup>15</sup> MAREFO: Malawi REFLECT Forum, an umbrella organisation for those agencies and NGOs using the REFLECT Approach.

<sup>16</sup> Ministry of Gender, Child Welfare and Community Services





to prepare the development and writing of the document. The same consultant that conducted the needs assessment was recruited to write the Project Document in close co-operation with the task force. A stakeholders meeting was conducted in September in preparation of the new phase. The meeting was well attended and the results emanating from the consultations that took place there were of great help to the task force in its work on the PD, as well as providing a platform for those concerned to have their say on issues relating to the expansion of the project.

The Malawi Growth and Development Strategy Paper<sup>17</sup> emphasises the importance of education as a key factor for attaining prosperity in Malawi and meeting the UN Millennium Development Goals. It is recognised that education is critical and necessary for economic and industrial growth and development. The goal of the government regarding primary education is to equip students with basic knowledge and skills to enable them to function as competent and productive citizens in a free society. To be able to achieve these goals it is necessary to improve the infrastructure at primary levels, and hopefully by doing that there will be substantial reduction in absenteeism, repetition, and dropout rates and at the same time the quality of education will be improved. ICEIDA's objective is to assist the Government of Malawi in these undertakings.

## MALAWI



ICEIDA has supported the education sector in Mangochi District since 1995 through the renovation of primary school buildings, construction of three new schools, as well as the provision of funds for training courses for teachers and village committees. In 2005, the first primary school, St. Augustine, was built according to the Proposal for a Work Plan 2005-2010, which had been prepared and developed by ICEIDA employees in collaboration with personnel from the Education Office in Mangochi, in October 2004.

St. Augustine is one of the biggest primary schools in the District. It teaches standards 1-8, and the number of pupils is around 3.500. The school only had about eight classrooms which were all in bad condition. Around 42 classes were being taught outside under the trees. ICEIDA built 12 classrooms, an administration block, and pit latrines. The school was formally handed over to the Minister of Education in Malawi by the Icelandic ambassador to Malawi on 30th of November 2005. In addition, the old school blocks, which were all in very bad condition, were renovated. ICEIDA provided funds for the project and the work was in the hands of the school committees and supervised by the District Education Office in Mangochi. As in previous projects the outcome was amazing. The school was also supplied with furniture.

<sup>17</sup> The Government of Malawi: *Malawi Growth and Development Strategy*: November 2005.



For the first time assistance was extended to a secondary school. The school was Community Day Secondary School in Monkey Bay. The assistance consisted of renovating an existing structure as a science laboratory. The building was secured, lab desks for students and teachers were made, and storage lockers for equipment were installed. The Community Day Secondary School is the only secondary school in a large area that serves all four forms. The support to the school was an important step in improving the learning environment of secondary students in the Monkey Bay area. The school serves all the primary schools in the area that ICEIDA has been supporting in latter years, as well as accepting students from the surrounding villages.

The cooperation with the District Education Office in Mangochi continues to be excellent. In 2005, the training undertaken by the District Education Office in Mangochi was extensive. As before, their main emphasis was on training activities aimed at lowering dropout rates, training in community mobilization and sensitisation, furthermore the school committee at St. Augustine was trained in school management and maintenance. Finally, a librarian from Lilongwe undertook library training in many schools in the District.

### Support to Higher Education

ICEIDA's support to the Aquaculture Training Programme at Bunda College of Agriculture (BCA) came within the context of support to the SADC Fisheries Sectors and the co-operation between BCA and ICEIDA started in 1994. In 2000, a five-year contract was signed between the two parties, where ICEIDA committed to continuing to provide funds for the programme as well as providing a technical adviser. The overall development objective of the project was to increase food security in Malawi and assist BCA to realise the long-term goal manifested in the vision statement of its Aquaculture and Fisheries Science Department (AFSD), which is "to create a centre in training and research in aquaculture and fisheries science in Malawi and the SADC region".

The Aquaculture Programme at BCA has during this time grown from being an option in the Animal Science department to be a department fully staffed with 12 academic staff members.

The project came to an end in 2005. The Board of ICEIDA decided to extend the support for a further five years in accordance with the recommendations in the external evaluation, which was carried out in March 2004.

A plan of operation for the final phase 2005-2009, was designed in early 2005. The recommendations that were highlighted in the external evaluation report were continued support to the MSc programme (programme for the SADC region). One of the reasons was that currently the programme is not supported by the Malawi Government. Another reason for continued support is the fact that the programme started in 2001 and the evaluators concluded that some areas would need more support to develop and be able to stand on their own feet.

The evaluators considered it necessary to increase the awareness of the Aquaculture Programme within the SADC region and make efforts to increase participation of female students in the programme (gender issues). Other recommendations in the evaluation report included identifying a project coordinator to be responsible for following up on awareness activities and looking for sponsorship for future MSc students in the region. In the new Project Document (PD), it is stipulated that the project shall aim at enhancing research capacity of the Aquaculture and Fisheries Science Department (AQFSD), publishing research findings, and increasing human capital development for the Aquaculture and Fisheries Science sector. In 2005, the project to support the MSc students from Malawi and the SADC

*The Aquaculture Programme at BCA has during this time grown from being an option in the Animal Science department to be a department fully staffed with 12 academic staff members*



region was continued aimed at fulfilling the need to develop human resources in the aquaculture sector of the countries in sub-Saharan Africa. ICEIDA sponsored seven students in the MSc programme (three in the second year and four in the first year of the programme). Three of the students are from Malawi, one from Mozambique, one from Namibia and two from Zambia.

During the year, the AFSDA staff carried out an information campaign within Malawi among secondary schools students presenting the BSc programme in Aquaculture and Fisheries Science at BCA, mainly targeting secondary schools for girls.

Teams were created to visit different schools in the three regions of Malawi. These teams were comprised of members of staff (lecturers) from the AFSD and some female students of the department from both the MSc and undergraduate levels. In total 18 schools were visited. ICEIDA supported this campaign.

A new website<sup>18</sup> was launched in October 2005. The Bunda College Library bought new books and CD-ROMs for the AQFSD academic staff and students using ICEIDA funds.

The need for the publication of findings of research in the department was identified and was done through the Departmental Aquaculture Bulletin.

The department's publication committee members discussed the process of upgrading the Bulletin to a fully-fledged journal. The name of the journal will be: Malawi Journal of Aquaculture and Fisheries (MJAF). The editorial board consists of both national and international scientists.

Selected research projects received their funding in September and work in the field is ongoing.

## Support to the Marine and Fisheries Sector

Malawi's fisheries sector contributes substantially to the population's needs for animal protein and constitutes a major source of income and is the livelihood of a large proportion of Malawi's population with at least 58,000 people deriving their livelihood directly from fishing. Lake Malawi is the most important source of fish yielding 60% of the total annual supply. During the last decade, however, the total fish yield has remained fairly stable or around 50,000 tonnes while the population increased at the rate of 3.2%.

Increased yields from capture fisheries currently rely on the harvesting of the underexploited fish resources in the deep offshore waters of Lake Malawi. Since development and expansion of the fisheries sector is one of government priorities, the Director of Fisheries requested the assistance of ICEIDA to launch a new technical project namely the Small-scale Offshore Fisheries Technological Development Project. The project started in June 2005 after the arrival of the Project Manager. The developmental objective of the support is to aid in the development of an offshore small-scale fishery thus allowing small-scale fishers to expand their operations to underexploited resources in the deep-water demersal and pelagic zones of southern Lake Malawi. This would improve food security and income of rural fishing communities in three target villages in the Nankumba Peninsula. The Project has three major components: (1) fishery technology and trial component; (2) research component and (3) institutional capacity component. During 2005, the main activities included launching the project by establishing the Project Implementation Unit, recruiting staff, procure equipment and material and collecting baseline information. The project budget

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<sup>18</sup> [http://www.bunda.unima.mw/aqua/aqua\\_home.htm](http://www.bunda.unima.mw/aqua/aqua_home.htm)





and plan were revised since the project started in the middle of the financial year. Several baseline studies that included frame survey, evaluation of gears (current designs, construction and operations, and potentiality for deep offshore fishing), and assessment of safety at sea, local knowledge and socio-economic profile were undertaken as the basis for future project progress monitoring, as well as the project impact in the target area. The studies were designed so that they corresponded to the project components. In addition, a workshop drawing together all main stakeholders was conducted to review the Malawi College of Fisheries' Safety at Sea Course.

Preparation for the deep offshore experimental fishing surveys are now underway following modifications of some fishing gears. These studies will focus on the further technical and financial feasibility of the potential gear for the offshore fishery. The design of the new fishing vessels is envisaged to start at the end of 2005, based on the preliminary findings of the experimental fishing surveys.

ICEIDA's support to the Malawi Department of Survey (MDOS) started in 2001 when the Project "Charting of Lake Malawi" was launched. The main objectives were to ensure safety of navigation on the lake through the provision of updated navigational charts. In March 2002, a trilateral agreement was signed between the Icelandic Coast Guard, MDOS and ICEIDA. The Project was implemented with close collaboration between the three parties and the Icelandic Coast Guard provided the technical expertise and supervised the training of local professionals.

The project came to an end in 2005 and early that year an internal evaluation was carried out by a consultant from the Icelandic Coast Guard. The evaluator concluded that the Project is relevant and has been effective in developing and promoting training for surveying at a professional level. Improved safety of navigation is the direct result and will be seen in the reduction of marine casualties that may be caused by uncharted obstacles in the Lake. The evaluator assessed that despite good results, ICEIDA should provide further assistance to resolve some of the financial problems with which the project is continually confronted, because of bureaucracy delaying implementation, and other financial hinderances.

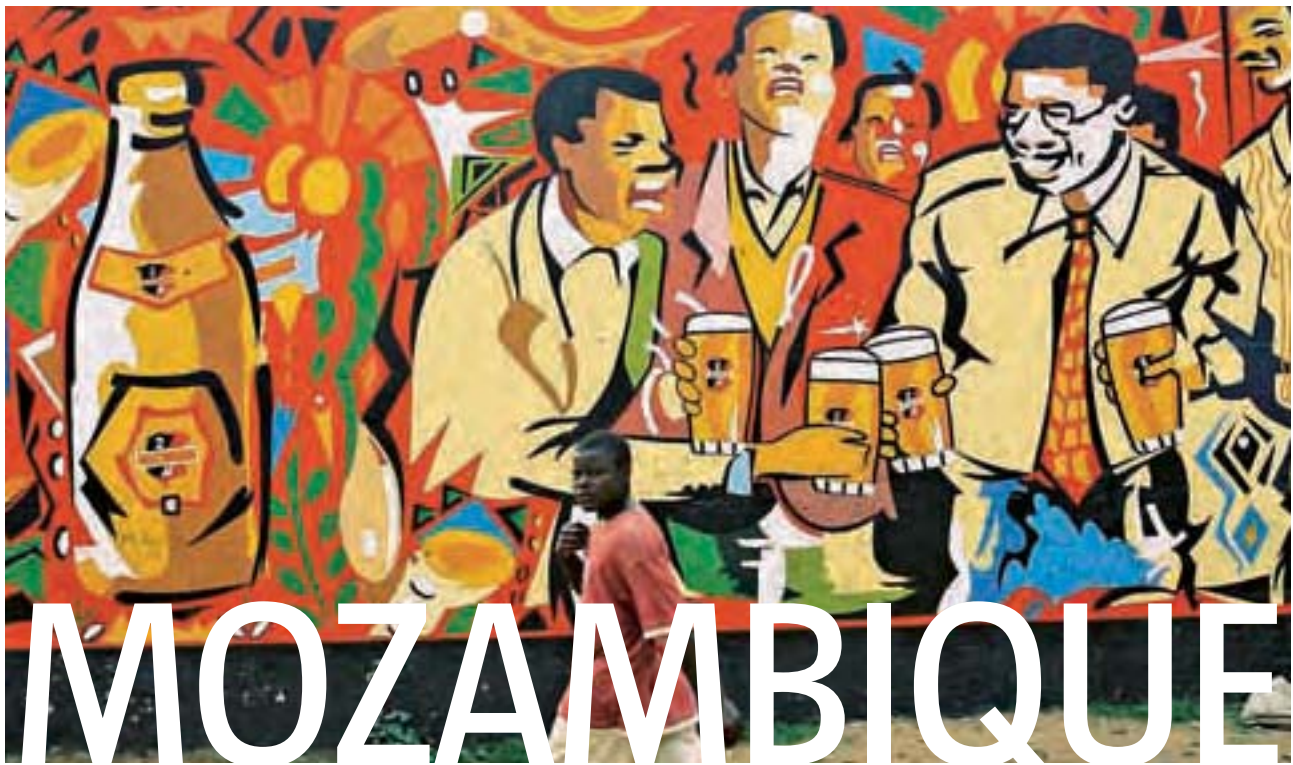
ICEIDA and the MDOS signed a Memorandum of Understanding (MoU) in the beginning of 2005 where ICEIDA committed to providing funds for a period of two years to MDOS to conclude the department's unfinished work in regard to chart production and staff development.

The first two charts were produced in Iceland and later two in Malawi, a total of four charts being produced. The plan for 2005 was to continue surveys of Chilumba at 1/100,000 and then proceed to Ruarwe, Bandawe and Nkhota Kota at 1/10,000. Government input of funds was an essential component to ensure materialisation of this plan.

The CARIS chart production software is functioning very well. However, there have been some delays due to staffing inadequacies as well as computer and equipment breakdown. In the end, the total production of charts will be about twelve.

In September 2005, the National Institute for Hydrograph and Navigation (INAHINA) in Mozambique and the Malawi Department of Surveys (MDOS) signed a MOU on behalf of the Government of Mozambique and the Government of Malawi. The purpose of the MoU is to outline a framework of co-operation between the two countries in regard to producing nautical charts of the Mozambican side of the Lake and establishing the necessary aid to navigation, thus contributing to the improvement of navigational safety on the entire Lake.

*The governments of Malawi and Mozambique have signed a MoU to outline a framework of co-operation between the two countries in regard to producing nautical charts of the Mozambican side of the Lake.*



**A progress report from the IMF concluded that poverty reduction objectives had been successfully implemented and poverty had been reduced considerably**



Photograph: Elin R. Sigurðardóttir



## Introduction

In June, Mozambique celebrated 30 years of independence from Portugal. Addressing the nation from Independence Square in Maputo, President Armindo Guebuza urged the nation “to fight against obstacles to development, the spirit of apathy and drift, red tape, corruption and crime, alongside diseases such as malaria, tuberculosis, HIV/AIDS and endemic diseases<sup>24</sup>.

President Guebuza, who took over the presidency in February 2005, has pledged to continue the fight against poverty. His government has placed special emphasis on integrated rural development and the establishment of social and economic infrastructures in order to equip the rural population with better living conditions and make them more productive. A central point on the agenda is to fight corruption and crime by strengthening the institutions responsible for public security and the administration of justice. Mozambique will continue to welcome foreign investment and foster a good relationship with the donor community.

The Action Plan for the Reduction of Absolute Poverty or PARPA<sup>25</sup> was reviewed during 2005. The new poverty reduction paper covers the period 2006-2010. The

## MOZAMBIQUE

### MOZAMBIQUE – Key Figures

Land area	802,599 km <sup>2</sup>
Population	19,8 million <sup>19</sup>
Population growth rate (2003-2015)	2,5% <sup>20</sup>
GDP per capita	277 US\$ <sup>21</sup>
GDP per capita PPP <sup>22</sup>	1,117 US\$
GDP growth rate	7,5% <sup>23</sup>
Life expectancy at birth (2000-2005)	39,6 years
Adult literacy rate (age 15 and above)	46,5%
HIV/AIDS prevalence	12,2%
Icelandic aid	1,556,624 US\$

(Statistical sources if not otherwise specified: Human Development Report 2005. Published by the United Nations Development Programme.)

- <sup>19</sup> Country Profile Mozambique 2006. The Economist Intelligence Unit.  
<sup>20</sup> Country Profile Mozambique 2006. The Economist Intelligence Unit.  
<sup>21</sup> Country Profile Mozambique 2006. The Economist Intelligence Unit.  
<sup>22</sup> Purchasing Power Parity. A rate of exchange that accounts for price differences across countries, allowing international comparisons of real output and incomes.  
<sup>23</sup> Country Profile Mozambique 2006. The Economist Intelligence Unit.



priorities of the new PARPA will be to improve the business environment and the financial sector, strengthening the judicial system, reforming the labour code and boosting investment in infrastructure.

According to the Ministry of Agriculture, agricultural production during 2005 was around 5% lower than expected as a result of the droughts in the south and central parts of the country. By October, it was estimated that around 800,000 Mozambicans were facing extreme food shortages, which prompted the government to launch an emergency appeal in co-operation with the World Food Programme.

A progress report from the International Monetary Fund (IMF) concluded that poverty reduction objectives had been successfully implemented and poverty had been reduced considerably. When comparing the two national household income surveys in 1996-97 and 2002-03, the level of poverty has fallen from 69.4% to 54.1%<sup>26</sup>. In September, the group of foreign donors who provide direct budget support to Mozambique met to conclude their mid-year review of the government’s performance. The performance assessment framework or PAF is designed to monitor the progress towards poverty reduction and progress. The results were mostly positive although there is a lack of progress in governance

<sup>24</sup> AIM Report No. 302, 6 July 2005.  
<sup>25</sup> Plano de Acção para a Redução da Pobreza.  
<sup>26</sup> EIU Country Report Mozambique February 2006.





and institutional reform, improving the private sector environment and addressing corruption.<sup>27</sup>

An important milestone was reached in November, when the Mozambican government signed a memorandum of understanding with the government of Portugal, on majority holding in HBC, the company that runs the Cahora Bassa dam on the Zambezi river. The MoU paves the way to the signing of a final agreement on the transfer of the dam, which is one of the largest in Africa, to Mozambican ownership. Up to now, the Portuguese state has held 82% of the shares in HBC whereas the Mozambican state has only held 18%. Under the MoU, the situation will be reversed, Mozambique will own 85% and Portugal 15%.

The Mozambican economy continued to grow at a pace of 7.3%, mostly due to a few mega-projects and investment financed by South Africa. Inflation at the end of 2005 was estimated around 7.8%.

The provision of aid in Mozambique has over the past few years increasingly, although not exclusively, been moving in the direction of a direct support (DBS) with 18 partners engaged in DBS in 2005. The purpose of this is to harmonise the

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Photograph: Elin R. Sigurðardóttir



interventions of various donors and align these with government policies and systems. DBS has increased government control over aid. It has also provided donors with increased access to and involvement in setting the policy agenda in countries. DBS is expected to reduce transaction costs for both government and donors.

Mozambique's ranking in the Human Development Index (HDI), compiled by the UN Development Programme and published in its Human Development Report 2005, has improved this year, to 168th out of 177 countries, three places higher than in 2004.

### ICEIDA's Development Co-operation

Iceland's co-operation with Mozambique dates back to 1995 and in the beginning the focus was on the fisheries sector. Now, the co-operation includes the social and health sectors. During 2005, there were five Icelandic staff members working in Mozambique, as well as one working on the cooperation project with the Icelandic Red Cross (IRC) and the Mozambique Red Cross

During the 2005, the operations of the ICEIDA office were according to plan. The work mostly involved financial management and planning as well as general

<sup>27</sup> EIU Country Report Mozambique February 2006.



Photograph: Reynir Þórarinnsson



Photograph: Elin R. Sigurðardóttir





project management in consultation with the project managers and Mozambican authorities.

A new country director arrived in late November to replace the country director, who was transferred to the ICEIDA headquarters. Two new staff members were recruited during 2005, project manager for the fisheries projects and project manager for the social projects. They replaced the outgoing project managers, whose contracts expired at the end of the year. The internship programme initiated in 2004 continued, with an intern working at the ICEIDA office for five months during the latter part of the year. The residence of the Ambassador of Iceland was relocated to Pretoria, South Africa, in November, facilitating the Ambassador to visit the neighbouring countries he also represents. The Embassy of Iceland/ICEIDA country office is now headed by a Chargé d'Affaires ad interim.

In October, the annual visit from the ICEIDA headquarters took place. The delegation attended meetings with all partners and visited most of ICEIDA's projects in Maputo City and Maputo Province.

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Photograph: Elin R. Sigurðardóttir



### Support to the Fisheries Sector

Fisheries are one of the important sectors in the fight against poverty. Fisheries are a considerable source of national income, a source of employment and helps food security as a source of protein, especially for the poorest segment of the population. ICEIDA's co-operation with Mozambique in this sector dates back to the year 1995 and has developed in accordance with government priorities.

The co-operation agreement with the Ministry of Fisheries signed in October 2003 continued to form the basis for the co-operation in the fisheries sector. Initially, the plan was to finalise all activities before the end of 2005, which was rather ambitious, and at the end of the year, several important components of the projects had not been concluded, that is the implementation of the Inspection Manual, assistance with the financing and administration of the National Institute for Fisheries Inspection (INIP), review of the fish inspection regulation and the database for the inspection system. These components are all inter-related and it is estimated that all the components, excluding the Quality Assurance Systems for the laboratories will be finished before the end of 2006.

In 2005, the Department of Fish Inspection (DIP) at the Ministry of Fisheries

*Fisheries are one of the important sectors in the fight against poverty. Fisheries are a considerable source of national income, a source of employment and helps food security as a source of protein.*





Photograph: Reynir Þórarinnsson

The objective of Mozambique's poverty reduction strategy is to reduce absolute poverty from 70% in 1997 to less than 50% in 2010.



Photograph: Elín R. Sigurðardóttir



(MoF) became an independent National Institute for Fisheries Inspection (INIP). This formed a part of the reorganisation of the fish inspection system in order to secure independent and centrally harmonised procedures for fish inspection. Also in 2005, new premises for INIP were renovated and equipped and training activities organised in order to structure and strengthen the inspection system

The inspection manual has been underway since 2001 and final adjustments and preparations for publication in early 2006 are now taking place with the assistance of an expert. In December, the Icelandic Directorate of Fisheries (IDF) was contracted to assist with the review of the fish inspection regulation in order to harmonise it with the changes in the inspection manual and to include provisions from the European Union.

In July, a report on a need assessment for a database for the new Fish Inspection Institute (INIP) was delivered. The report recommended the construction of a database for licensing and inspection data. The work will be carried out in early 2006, to coincide with the implementation of the Inspection Manual.

In December 2005, an advisor from the Ministry of Finance in Iceland was recruited to provide technical assistance in regard to finance and administration for six months in 2006. Her task will be to fine-tune the auto-finance system for INIP and the laboratories, that was introduced and implemented in 2004.

At the end of 2005, the three INIP laboratories in Maputo, Beira and Quelimane were operational and carrying out regular testing of samples from export products. Based on a request from MoF and the outcome of an audit on the Fish Inspection Laboratories in Maputo and Beira, it was decided in the first half of 2005 to expand the work by developing and implementing quality assurance systems at the laboratories. A new laboratory consultant was contracted and started work in August with the aim to finalise the work thereby reaching accreditation status. ICEIDA also decided to give additional financial support to the laboratories to obtain additional equipment and necessary material in order to secure the quality assurance systems. It is estimated that the project will run for approximately two years and that the laboratories will be able to apply for internationally recognised accreditation before the end of 2007.

At the moment, the Fish Inspection Institute (INIP) is not represented in the two provinces and the inspection of fish processing plants and fishing vessels is conducted from Maputo, which is very expensive and not sustainable. In October 2005, the MoF proposed that ICEIDA expand the co-operation with the Ministry by supporting the establishment of small representation offices in the Northern provinces Nampula and Cabo Delgado. After a visit of INIP and ICEIDA representatives to Nampula and Cabo Delgado in November, it was concluded that the best choice would be to locate the head office of the Nampula provincial Fish Inspection in Angoche, which is the main fishery town in the province. It was also concluded that the need for similar operation in Cabo Delgado is questionable because of very limited number of fish operations in the province. It is foreseen that at least some parts of the project could be finalised before the end of 2006.

*At the end of 2005, the three INIP laboratories in Maputo, Beira and Quelimane were operational and carrying out regular testing of samples from export products*

In May, a delegation from the Ministry of Fisheries visited Iceland. The purpose of the visit was to provide the inspectors with an opportunity to increase their understanding on how to implement an inspection manual and how the data collected can be used to manage the inspection system as a whole.

The Information and Training Centre (ITC) is located within the MoF and its purpose is to collect and disseminate information as well as to publish work related to fisheries. The ITC has been fully operational since 2004, whereas the training





part has been delayed. A consultant was recruited in September to assess the functions and status of the training unit and to compile a project proposal for the training component. It is foreseen that the training co-ordination unit will be up and running by the end of 2006.

The construction of fish administration offices and laboratory in Quelimane was funded by the British Development Co-operation (DfID) and ICEIDA. The building was for the most part finished and operational before the end of 2005. Most of the staff has moved in and the laboratory is ready to start analytical services. Because of some remaining repairs on the electric and telephone systems in the house, final payments to the contractor and the handing over of the building were delayed until 2006.

The proceeds from the sale of the research vessel Fengur was used for the research and monitoring of kapenta fisheries in the Cahora Bassa reservoir in Tete province. The project is in its final stage and a draft report was prepared in November 2005. The final report is expected to be submitted in January 2006 and the main findings will be presented at the same time. It is expected that the final report will propose a follow-up programme which would include further

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Photographs: Elin R. Sigurðardóttir

*Promoting gender equality and empowering women is one of the UN Millennium Development Goals.*

research of kapenta fisheries in the Cahora Bassa and research on accessible resources for the artisanal fishery society in the area.

ICEIDA is acting 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 is implemented by a Mozambican investment institute, GAPI<sup>28</sup>. The semi-industrial fisheries sector is still striving for operational recovery because of bottlenecks in the infrastructure and incentives areas. The recent rises in oil prices, during the second half of 2005, have added to the operational difficulties of the ship owners. Nevertheless, the operations financed by the NDF funds are functional with some of them producing and exporting products for the regional markets, thus creating jobs in rural areas.

The Ministry of Fisheries has been building up a strong quality assurance and inspection system. The logical next step would be to expand the co-operation to include the training of fishermen in quality matters. The Escola da Pesca or Fisheries School deals with the formal education of fishermen and in 2005 it was decided to assess the possibility of establishing an educational programme within the School that would address fish quality and fish processing. The school would then be able to graduate students qualified to supervise quality control





and/or production at sea and on shore. It is expected that a preliminary consultancy for this project will take place in the first half of 2006.

The Ministry has requested support for the artisanal fisheries sector. A draft concept note including a preliminary assessment of the possible co-operation between ICEIDA and IdPPE, was compiled in November 2005. Based on that document, it was decided to support IdPPE with a small pilot project in Maputo Bay. The main objective is to grant assistance to artisan fishing with the establishment of grassroots community organisations in the fishing centres of Muntanhana and Pequenos Libombos. The project is to be carried out in 2006 by the IdPPE Maputo Delegation and further co-operation with IdPPE will be evaluated at the end of the project.

## Support to the Social Sector

Promoting gender equality and empowering women is one of the UN Millennium Developmental Goals. Other Millennium goals address issues that often affect women more than men, such as poverty and hunger, lack of education and maternal death. Mozambique is one of the countries in the world with the

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Photographs: Elin R. Sigurðardóttir



greatest level of inequality between women and men according to the Gender Development Index (GDI), where Mozambique ranks 133 out of 140 countries. One of the indicators of inequality between men and women is the difference in access to education. Illiteracy rates are 68,6% for women while they are 37,7% for men and for every 100 boys only 66 girls are enrolled in secondary education (UNFPA, 2005).

In 2000, the Ministry of Gender and Social Action (MMAS) was established to promote gender equality in Mozambique. When ICEIDA started supporting the social sector, MMAS became the focal point for the co-operation. A four-year co-operation agreement was signed in 2000 and renewed in October 2004. The main focus has been on capacity building within MMAS with a particular focus on the National Directorate of Women (DNM). On provincial level, ICEIDA supports the Departments of Women and Family in Maputo City, Maputo Province and Gaza Province. In 2006, the co-operation will be expanded to two new provinces, Inhambane and Zambezia.

ICEIDA continued to provide English lessons on central level in 2005, to enable MMAS staff to make use of co-operation with other countries in the region as well as internationally. Scholarships were also offered to MMAS staff for English

*AVIMAS has grown from being a small self-help group into a strong Adult Education Centre specifically targeting female-headed households.*





Photographs: Reynir Þórarinnson



courses in a recognized English institute. ICEIDA also supported computer courses and support was given to MMAS in carrying out their annual meeting on planning and organizing special activities on days celebrating women. ICEIDA has also supported university studies for MMAS staff and with the number of beneficiaries rising from two in 2004 to five in 2005. Those receiving support were the Deputy Director of DNM, who is studying adult education and community development, two technicians who are studying psychology, a technician who studies computer science and a technician from the Minister's cabinet, who is doing an advanced course in economics. They all studied at night time alongside their full-time work.

Support for capacity building in the Provincial MMAS offices of Maputo City, Maputo Province and Gaza Province continued in 2005. ICEIDA paid for English teachers who gave lessons to staff members on a continual basis. Computer courses were also supported as well as the purchase of computers and necessary office equipment for the offices.

There was some staff changes in the administration of DNM when Ms Josefa Lopes Langa took over as Director from Ms Leontina Sarmiento dos Muchangos.

ICEIDA continued financing the Djombo ya Warime pilot project in Maputo city. It aims at supporting two associations, the Association of Agriculture and Small Animal Farming and the Association of Fishermen and Fishery Women. The main objective of working with the former association was to help them to preserve their products in order to get them to the market in better condition, resulting in higher prices. The main objective of working with the Agricultural and Small Animal Farming Association was to assist them with ways to increase their production and the market value of their products. The project is implemented in co-operation with DNM, and the provincial and district offices of MMAS in Maputo city. In 2005, a storage building was constructed where a freezer will be located for the conservation of fish products. ICEIDA also financed the purchase of the freezer. Work also continued on a small building for the Agricultural Association where they will store tools and products and hold their meetings. The project was supposed to be completed by the end of 2005. However, that was not possible because of some problems with the implementation, mainly in terms of co-operation between the various institutions involved in the process. The problems were addressed and apart from benefitting the associations, the pilot project can be said to be an exercise in how to implement programmes at grassroot level with the participation of officials at central, provincial and district levels.

ICEIDA has supported the Association of Women and Single Mothers, AVIMAS, since 2000. In this period, the organization has grown from being a small self-help group into a strong Adult Education Centre, specifically targeting female-headed households. In addition, the centre focuses on young people, volunteers, and trainers to provide peer-to-peer education on health prevention programme in the neighbourhood. ICEIDA supported the headquarters as well as two other branches in Maputo city that will provide sewing classes and other educational activities for their members, as well as chicken breeding for income generation.

The Organisation of Disabled in Iceland approached ICEIDA in 2004 with a proposal to provide funds for the purchase of special equipment that would facilitate the daily life of a group of disabled people thus improving their quality of life. ICEIDA consulted MMAS, which recommended Centro Padre André, a Centre for disabled adults and children. The Centre accommodates both the mentally and physically disabled, mostly women and children. It was decided to use the funds from OBI to buy equipment and train the designated persons in physiotherapy. In the second half of 2005, the money was transferred to an account

*Preparations continued for a new community based health care programme in Maputo Province in co-operation with the Mozambican Red Cross and the Ministry of Health.*





in Mozambique but it was decided to postpone the buying of equipment until the construction of a new house for the disabled children was completed. The construction came to a halt at the end of the year because of lack of funds and ICEIDA was asked for further funds to complete the building. This was under consideration at the end of the year.

In May, two members of DNM and one from AVIMAS paid a study visit to Iceland. The purpose of the visit was to exchange experiences regarding work in the social sector in the two countries, as well as visiting several institutions and agencies working with the disabled and other vulnerable groups, such as women and families who have been victims of domestic violence, centres for disabled persons, centres for the elderly and adult educational centres.

### Support to the Health Sector

ICEIDA has co-operated with the Icelandic Red Cross (IRC) and the Mozambican Red Cross (CVM) in the health sector since 2000 when the Hindane Community Based Health Programme was initiated. The programme consists of the construction of a health centre in the district of Matutuine, in Maputo Province, south of the capital Maputo and community based health care in seven communities in the area. ICEIDA's active participation in the programme came to an end at the beginning of the year and the two Red Cross societies are now responsible for the implementation. ICEIDA will provide funds for the community based health care component for 2005 and 2006.

Preparations began in 2004 for a new community based health care programme in Maputo Province and in early 2005 an area had already been selected in co-operation with the Ministry of Health. In early 2005, the IRC recruited a delegate to support CVM with the implementation of the Hindane project and the preparations for the new project in the locality of Chibicutso in Maputo Province, north of the capital and the first draft of a project description was ready by the end of the year.

### Support to the Transport Sector

Preparations for the trilateral co-operation between Mozambique, Malawi and ICEIDA in the transport sector continued. The Mozambican Institute for Hydrographic Surveying (INAHINA) The project focuses on extending the hydrographic survey project on Lake Malawi, implemented in co-operation between ICEIDA and Malawian authorities to the Mozambican side of the lake or Lake Niassa, which is the Mozambican name of the lake.

During the past few, there has been increased transport on the Lake as Malawian ferry boats are now entering into Mozambican ports regularly and cargo vessels are transporting material and food between the countries. INHAINA representatives visited their counterparts in Malawi in late 2005 and a MoU between the two countries was signed in December. The draft project document was finalised by the end of December and will be submitted before the Board of Directors in January 2006. The project document contains a detailed plan of action and budget. It is scheduled to start implementation in early January and the first activities will be to collect hydrographic data from the Lake from the Malawian survey vessel Timba.

*During the past few, there has been increased transport on Lake Niassa as Malawian ferry boats are now entering into Mozambican ports regularly and cargo vessels are transporting material and food between the countries.*



**Namibia is showing relatively good progress in regard to the MDGs relating to primary education, gender equality and improving maternal health**



Photograph: Gísli Pálsson



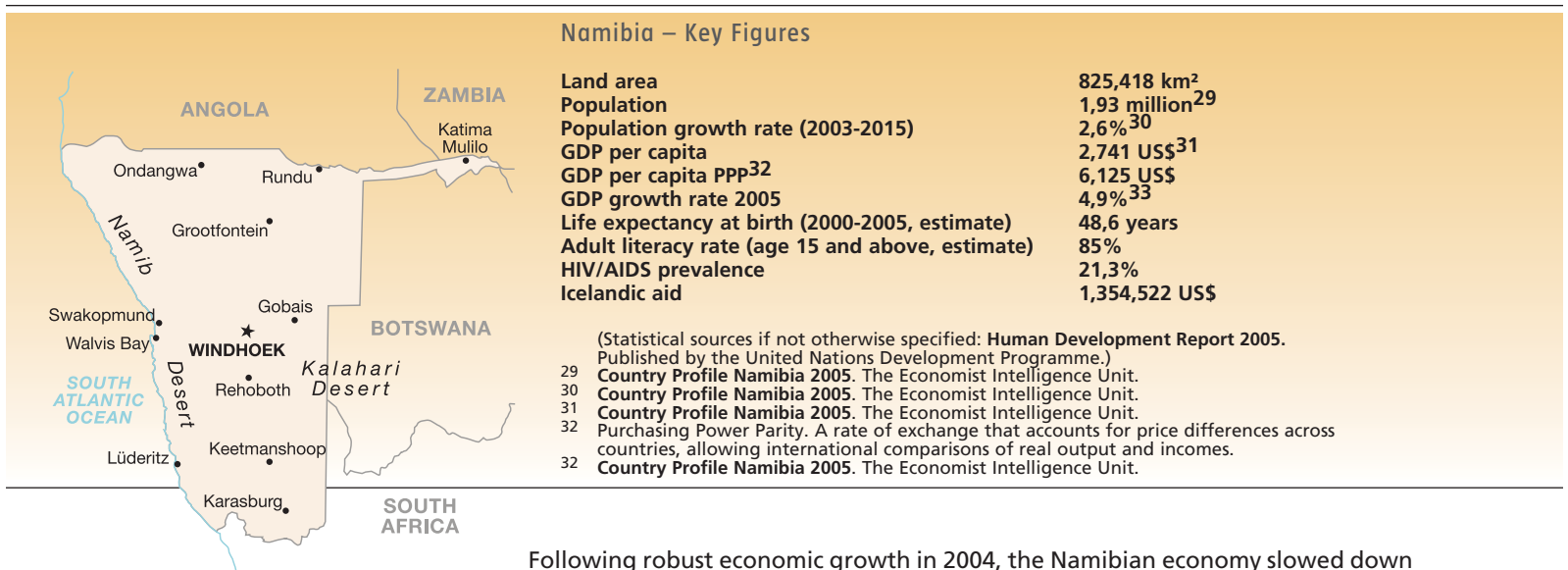
## Introduction

Namibia is a multiparty, multiracial democracy. When the country gained independence in 1990, the South West Africa People's Organisation (SWAPO) formed the new government and has been re-elected in the three elections held since. Dr. Sam Nujoma, leader of SWAPO, who had held the presidency since independence, stepped down at the end of his term in March 2005. Although Mr Hifikepunye Pohamba, Dr Nujoma's successor, received good support, the party was not unanimous in nominating Mr Pohamba.

Mr Pohamba's main priority is fighting corruption, maladministration, malpractice and the misuse of State resources. During the year, some corruption cases were reported that are currently going through normal judiciary processes.

Discussions about the process of reallocating land are ongoing. While a highly sensitive and important issue, the Namibians have had providence to discuss it with common sense and without any coercion. One of the reasons may be the manner in which the president addresses the issue. His message to the nation is that of solidarity, unity and peaceful co-operation, efficiency and honesty.

## NAMIBIA



Following robust economic growth in 2004, the Namibian economy slowed down during 2005. The real gross domestic product (GDP) is estimated to have slowed to 3.2% in 2005, after a strong growth of 5.9% in 2004. The slow pace of growth during 2005 could be explained mainly by a decline in the value added in total primary industries, particularly due to the poor performance of the mining and fishing sectors and a slight deceleration in the value added growth of the tertiary industries, notably transport and telecommunications, the wholesale and retail trade, repairs and real estate and business services.

During 2005, Namibia experienced the lowest inflation rate since independence. An average of 2.3% was recorded in 2005, much lower than the 4.2% recorded in the previous year. The budget of the central government for the 2004/2005 financial year realised a lower budget deficit relative to 2003/2004. The deficit was, however, higher than estimated in the main budget due to a shortfall in realised revenue. By the end of December 2005, the government's outstanding total debt had increased from December 2004.

Namibia's progress towards the Millennium Development Goals is steady. Namibia is one of the eight countries in the world that spends the highest share of GDP on education and second to South Africa in terms of expenditure on health in sub-





Saharan Africa<sup>34</sup>. In Namibia, the HIV/AIDS epidemic is of devastating proportions and is the by far most important obstacle to sustainable human development. The government is deeply committed to combating HIV/AIDS has introduced various policies to fight the epidemic, the most important being the Third Medium-term Plan under the National Strategic Plan on HIV/AIDS 2004-2009.

In December 2005, Fitch Ratings assigned Namibia a favourable sovereign credit worthiness rating of BBB-. Namibia is only the third country in sub-Saharan Africa to be given an investment grade rating, the others being South Africa and Botswana. The outcome augurs well for the Namibian economy as it should improve investor confidence.

### Iceida's Development Cooperation

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 2004 and prolonged until the end of 2007. All projects are implemented on the basis of detailed project documents.

## NAMIBIA



Photograph: Gisli Pálsson



Routine management, supervision and monitoring of the various ICEIDA projects and activities were ongoing throughout the year. This prescribed function was primarily carried out through regular formal and informal meetings, site visits and written reporting. Periodic contact was also maintained with the Namibian authorities carrying portfolios relevant to ICEIDA's functions in the country.

The annual monitoring mission to Namibia, from the ICEIDA headquarters, took place from 16 to 24 October. The mission was lead by ICEIDA's General Director, H.E. Ambassador Sighvatur Björgvinsson, who was accompanied by two members of the Board of ICEIDA. Field visits were undertaken by the members of the board to most of the ICEIDA projects in Namibia and meetings conducted with both local and Icelandic project personnel. The main objective of the field visits was to give representatives of the board an opportunity to monitor first hand progress made in the various projects and activities making up ICEIDA's portfolio in Namibia.

The contract of one of the technical advisors at NAMFI that was to expire at the end of 2004 was extended for a further six months. The contract of ICEIDA's Project Manager at NAMFI, which was due to end in the middle of the year, was also extended. An intern from Iceland arrived in mid-June for a five-month internship, mainly relating to the social projects. Her contract was extended for

<sup>34</sup> Namibia 2004 Millennium Development Goals Report: Office of the President, National Planning Commission.



Photograph: Geir Oddsson

Namibia's national development plan takes into account environmental and sustainability aspects in sectoral and regional development planning.



Photograph: Sigvaldi Torfason





additional three months when the project co-ordinator for the social projects resigned in September and it was foreseen that both the country director and the project manager would be replaced.

The ICEIDA Country Director left Namibia at the end of 2005 to take up a new post in Nicaragua, Iceland's most recent partner country. For this reason, he had to frequently attend to matters pertaining to Nicaragua as well as general managerial issues at the head office in Iceland. Unfortunately, his absence created some difficulties in the administration of the office in Windhoek. A new Country Director, the former project manager at NAMFI, was appointed in October.

## Support to the Fisheries Sector

The co-operation between ICEIDA and the Namibian Maritime and Fisheries Institute (NAMFI) during 2005 was based on recommendations laid out in an evaluation of the NAMFI/ICEIDA co-operation project 2002–2004. The report recommended that ICEIDA would continue to support NAMFI, but that full-time technical support would be reduced and eventually withdrawn. It was also suggested that increased emphasis should be placed on capacity building, training of instructors and short-term consultancies. Particular emphasis was put on the completion of direct commitments to NAMFI.

Late in January 2005, the head of the Navigation Department at NAMFI travelled to the Philippines for further studies, financially supported by ICEIDA. A Norwegian school operates in the Philippines for those Filipinos who have been hired by the Norwegian fleet. The school adheres to the IMO requirements on training for seafarers (STCW-95) and is approved by Det Norske Veritas. The study plan is for 16 months.

In April, the Head of the Safety Department participated in a meeting of the International Association for Safety and Survival Training (IASST) in Ireland. NAMFI has been a member of IASST since 2004. ICEIDA and NAMFI paid most of the costs of this trip, with some financial assistance from IASST.

In October, an instructor in the Navigation Department went to Iceland for radio courses and other training. The instructor attended various courses at the Polytechnic College of Iceland, and the Maritime Safety and Survival Training Centre. The instructor also paid a visit to different institutes. The Icelandic Coast Guard was, as before, very co-operative. The instructor spent some time on board an Icelandic Coast Guard vessel.

## Support to the Ministry of Fisheries and Marine Resources

The 2002 co-operation agreement between ICEIDA and the Ministry acts as an umbrella agreement for all projects within the fisheries sector in Namibia. The establishment of the Fisheries Economic Database (ECO) has been the main co-operation project for the last few years and was completed at the end of the 2004.

The main ICEIDA sponsored activity at the Ministry in 2005 was to monitor and upgrade, if necessary, ECO and to interconnect the Fisheries Information Management System database (FIMS), which is an older landings data system, and ECO. Interconnection for some important data from FIMS into ECO was successful. The improvement of technical skills of the staff at the Ministry was also one of the main outputs of the ECO project. In November and December an ICEIDA specialist paid the Ministry a visit in order to finalise the necessary training of the Ministry's staff.

*An evaluation report on  
NAMFI recommended  
increased emphasis on capacity  
building, training of instructors  
and short-term consultancies.*





## Support to the Social Sector

Namibia is showing relatively good progress in regard to the MDGs relating to primary education, gender equality and improving maternal health. ICEIDA, as many other donors, has expanded significantly the co-operation in the social sector in recent years. Assistance, which started as financial support to a localised adult literacy project in 1993, has now grown into a programme with five main projects.

ICEIDA's social sector programmes have two main components. The former 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 latter focuses on assisting local municipalities and regional authorities in constructing and running community centres.

The programmes are concentrated in the Erongo and Karas regions, as the projects are located in the coastal towns of Lüderitz, Swakopmund and the inland town of Usakos. The projects follow largely the same model, although with slight variations. The ICEIDA Training Centre in Kuisebmond, Walvis Bay, did not operate during 2005, as it unfortunately was closed after the Walvis Bay

## NAMIBIA



*The main ICEIDA sponsored activity at the Ministry in 2005 was to monitor and upgrade, if necessary, ECO and to interconnect the Fisheries Information Management System database*

Municipality took over operational responsibility.

ICEIDA has funded and supervised community projects in Lüderitz for more than ten years, both through the Lüderitz Literacy Project (LLP) and the Benguela Community Centre (BCC). In May, the two projects agreed to enter into a co-operation agreement and now operate under one management committee. The project in Lüderitz targets the most disadvantaged population of the town: children, out-of-school youngsters and unemployed women in the Benguela suburb. Its main objective is to empower these groups by giving them the opportunity to attend pre-primary, literacy, English, adult upper primary education and skills training classes. There is also an after-school programme that has benefited many children, such as those who could not be admitted into local schools, either due to lack of classroom space, income to afford school fees, late applications for school admission, poor performance, etc., and children who were attending full time primary and secondary schools, but needed assistance with certain subjects or just needed teacher's help when studying for examinations. Overall, the project is doing well despite some initial misunderstanding between BCC and the LLP on the working agreement, an issue for which a solution is currently being worked on.



During 2005, ICEIDA continued its co-operation with the Swakopmund Town Council supporting the Mahetago Community Centre. It is a community-based educational project operating in the Mondesa suburb. The project's objective is twofold. Firstly, to get the community involved in the running of the community centre, and secondly to provide educational and training programmes for pre-school children and adults. ICEIDA's role in the project is to provide technical support and funds for co-ordination costs, equipment, and teaching material. The Centre is offering a large variety of courses and the ingenuity of the staff members in finding new projects and funding activities seems limitless. The equipment that has been bought has already yielded some profits for the community, and a number of products are being sold.

During the year, ICEIDA supported the Together Kindergarten in Usakos directly with non-perishable food supplies on a monthly basis as before. The food is used to prepare hot meals for approximately 65 children attending the kindergarten. The lunch at the centre is for many of the children the only hot meal of the day. Although the community was unable to assist the project with funds, they were committed to running the project with very limited resources and little support from the town municipality that owns the building.

## NAMIBIA

Photographs: Haukur Már Haraldsson



In March, ICEIDA launched the Chess Project in co-operation with the Icelandic chess club Hrókurinn. This was a pilot project with continuation to be considered once the project activities had commenced and a final report submitted by Hrókurinn.

In October, as stated above, a Project Document was signed by ICEIDA, the Ministry of Youth, National Service, Sport and Culture, the Icelandic Chess Federation, the Namibian Chess Federation, the Hrókurinn Chess Club and the Namibian Chess Federation, where the objectives are, firstly, to teach chess in schools in Namibia and, secondly, to train the Namibian Olympic chess team. The Olympic chess tournament will take place in Italy in late May 2006.

In Etanga village and the surrounding area, in the Kunene region in north-western Namibia, ICEIDA launched a support project to the Ovahimba people. The village is very isolated with few communication possibilities and during the rainy season may be impossible to visit. Four mobile kindergartens were set up and a waterhole was drilled. The Ovahimba people are nomadic farmers. They move around depending on the time of the year as well as grazing and therefore the kindergartens have to be mobile. Tents, approx. 5x5 m, which can be moved easily, quickly taken down and erected, are used for kindergartens. Nearly 200 children have attended these four kindergartens.

*ICEIDA's social sector programmes have two main components, one providing financial assistance and technical support to local communities in establishing and running non-formal educational projects, the other on assisting local municipalities and regional authorities in constructing and running community centres.*



In Etanga, like in much of the Kunene region, water is scarce. A waterhole was drilled in the community and a water pump powered by a diesel engine was installed. Water is now pumped to a water tank and is transferred to one of the kindergartens and the village by a water pipe. During ICEIDA's visit to the village in October, the Headman requested additional support to secure valuable things such as the pump and the engine. He also asked for support to lay a pipe from the water tank to the village and a training course in how to maintain the water pump and the engine. The Headman was promised the support.

During the year, ICEIDA provided financial support to the Venancius Rukero AIDS Orphans and Vulnerable Children Foundation. The Foundation looks after approx. 20 orphans and vulnerable children. They benefit from the project through the provision of basic services, such as education and training, provision of healthy diets and routine medical care and support. ICEIDA assisted the project with monthly food rations, as well as the purchase of various domestic items and provision of some administrative costs. The project has suffered through lack of funds and the lack of management capacity.

## NAMIBIA



Photograph: Eyjólfur Valtýsson



Photograph: Haukur Már Haraldsson

*ICEIDA launched the Chess Project in co-operation with the Icelandic chess club Hrókurinn.*

ICEIDA provided support for a HIV/AIDS home-based care project in Ombuloka in northern Namibia. The objective of the project is to reach out to the community, whilst educating it on the pandemic. Primarily, the support of ICEIDA entailed the setting up of a vegetable garden, firstly, to provide food supplement to the diet of infected patients, and, secondly, to allow for the sustainability of the project by selling surplus products for cash. Some difficulties were experienced, both because of communication difficulties, as Ombuloka has no telephone connections, and the lack of management capacity.

The Legal Aid Clinic of the University of Namibia strives to serve the Namibian public by providing access to legal books and journals, counselling and other legal related information. The Clinic uses law students to give counselling to the public on basic legal issues. ICEIDA provided funds for a member of the Clinic to attend a training workshop in South Africa. Further assistance is planned for 2006.

Finally, the National Planning Commission requested assistance from ICEIDA for a bee-keeping project for the San people in eastern Namibia. ICEIDA responded favourably and provided funds for a bee-keeping course. The instructors came from Kenya and trained 12 people from the San community.





**The current Poverty Reduction Strategy for Sri Lanka, “Regaining Sri Lanka”, was adopted in December 2002 in a climate of hope for peace following the ceasefire agreement reached between the government and LTTE.**





## Introduction

The island of Ceylon has for centuries been known for the fertility of the land and its wealth of precious stones and spices. Several ethnic and religious groups co-exist in Sri Lanka. The Sinhalese are the largest ethnic group (73.8%). The second major group are Tamils (8.5%). The relationship between the Sinhalese and Tamil has historically been strained. In 1983, a separatist campaign was launched by the Liberation Tigers of Tamil Eelam (LTTE, Tamil Tigers) in the northern and eastern parts of Sri Lanka. In the past, several international efforts have been made to settle the dispute without success. A ceasefire agreement was concluded in 2003 and is still in force.

The current Poverty Reduction Strategy for Sri Lanka, "Regaining Sri Lanka", was adopted in December 2002 in a climate of hope for peace following the ceasefire agreement reached between the government and LTTE. The strategy emphasises the need for accelerated medium-term economic growth of 10% to compensate for the stagnation during the years of conflict. It recognises the need to tackle unemployment in the country, estimated at 20% in 2002, and to extend development to the disputed areas in the north and east. At the end of 2005, the situation

## SRI LANKA

### SRI LANKA – Key Figures

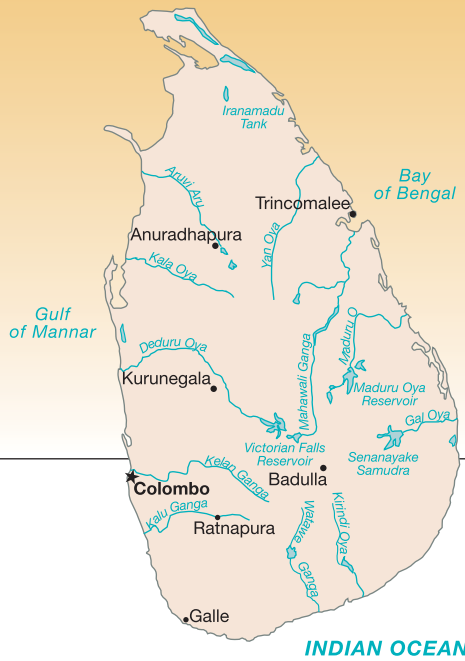
Land area	65,610 km <sup>2</sup>
Population	19,7 million <sup>35</sup>
Population growth rate	1,1% <sup>36</sup>
GDP per capita	1,197 US\$
GDP per capita PPP <sup>37</sup>	3,778 US\$
GDP growth rate 2005	6,0%
Life expectancy at birth (2000-2005, estimate)	73,9 years
Adult literacy rate (age 15 and above, estimate)	90,4%
HIV/AIDS prevalence	<1,0%
Icelandic aid	307,140

(Statistical sources if not otherwise specified: Human Development Report 2005. Published by the United Nations Development Programme.)

<sup>35</sup> The Economist Country Profile 2005. The Economist Intelligence Unit.

<sup>36</sup> The Economist Country Profile 2005. The Economist Intelligence Unit.

<sup>37</sup> Purchasing Power Parity. A rate of exchange that accounts for price differences across countries, allowing international comparisons of real output and incomes.



however remains largely un-changed, and there are few signs on the horizon to raise hopes for imminent peace in the country and opening of real opportunities to improve the living conditions of the people in the conflict areas.

Despite the devastating consequences of the tsunami in December 2004, the Sri Lanka economy demonstrated a GDP growth of 6% in 2005. Although the economic growth was impressive, it was 2% behind President Rajapaksa's goal of 8% and 4% less than the 10% annual growth aimed for to realise the objectives set out in the "Poverty Reduction Strategy Plan" in 2002. Economists estimate that an annual economic growth rate of at least 8% is required to alleviate poverty, reduce unemployment, and raise the standard of living to a sustainable basis. Despite this relatively high economic growth in 2005, the inflation rate was reduced from 15.9 % at the beginning of the year down to 8% at the end of the year with average inflation of 11.6 %. Unemployment was 7.7 % in 2005, but unemployment rates were considerably higher in the tsunami-affected areas, where 4% of the national workforce lives. Efforts initiated in 2004 to improve the social infrastructure in the country continued during 2005.

The civil conflict in Sri Lanka remained more or less unchanged during 2005 and continued to drain the resources of the country and severely affect the livelihood



of the majority of the people. The disputed areas in the north and eastern part of the country were also most severely hit by the tsunami. Despite the overall healthy improvement in Sri Lanka's economy in 2005, the population in these areas have not benefited equally from the progress, and are largely not included in the official statistics for Sri Lanka.

Presidential elections were held in Sri Lanka in November 2005, and Mahinda Rajapakse won narrowly over his closest contestant Ranil Wickremasinghen. The elections were rated free and fair by observers, although the Tamil communities in the LTTE controlled areas in the east and north boycotted them.

One of the main priorities on the agenda of the newly elected president is to reach a political peace settlement with the LTTE. No direct dialogue has taken place between the government and LTTE for three years and the situation remains at a sensitive standstill under current ceasefire agreement. A positive breakthrough was made towards the end of 2005 when the conflicting parties agreed to resume dialogue on the ceasefire and peace. A meeting between the government and LTTE was scheduled for the first quarter of 2006.

## SRI LANKA



Photograph: Teirna Tórnásson



### Iceida's Development Cooperation

During 2005, preparations regarding the general agreement between Sri Lanka and Iceland on development co-operation continued. On 23 June 2005, Mr. Gunnar Snorri Gunnarsson, Permanent Secretary of State and Mr. P. B. Jayasundera, Permanent Secretary in the Ministry of Finance and Planning, signed the General Agreement on Development Co-operation (GADC) between Iceland and Sri Lanka.

The programme for the development co-operation is based on the request from the Government of Sri Lanka (GOSL) to support the fisheries sector and will be in accordance with the findings and recommendations of fact-finding missions to Sri Lanka in October 2004 and in February 2005. The programme will include fish product quality issues, training and education in the sector as well as infrastructure development at grassroot level. The proposals take into account long-term development of the sector as well as immediate actions required to recover from the devastation caused by the tsunami in December 2004.

In October, the ICEIDA country office was up and running with necessary facilities and locally recruited staff in place. The ICEIDA Country Office in Sri Lanka has the status of a Diplomatic Mission and is headed by the ICEIDA country director





Photograph: Arni H. Helgason

Sri Lanka's new development strategy aims at creating pro-poor growth and to engage the poor in economic activity.



Photograph: Arni H. Helgason



as Chargé d’Affaires ad interim. The recruitment of a project manager for the fisheries projects was underway at the end of the year.

### Support to the Fisheries Sector

The fisheries sector is of considerable social and economic importance in Sri Lanka. Around 170,000 fishers operate from fish landing centres around the coast. Some 250,000 people are directly employed in fisheries related activities and the livelihood of close to one million people depends on it.

Ten of the fifteen coastal districts were severely affected by the tsunami in terms of loss of life and property. Thus, the focus set in October 2004 was bound to shift in the aftermath of the disaster.

During 2005, the co-operation mainly focused on actions in four specific areas:

- training and education,
- fisheries research and management,
- fish product quality, and infrastructure development.

## SRI LANKA

Photographs: Arni H. Helgason



### Training and education

The Ministry of Fisheries and Aquatic Resources (MFAR) and the National Institute of Fisheries and Nautical Engineering (NIFNE) had requested ICEIDA to explore the possibility of providing technical and financial support for fisheries training. During 2005, preparations began to develop a training and education programme in co-operation with (NIFNE). Two fact-finding missions were carried out in November. The former, a study on the need and delivery of gear technology training at NIFNE, and the latter on the status of marine training in the sector. The reports will be presented in early 2006.

A comprehensive needs assessment study for education and training in the sector is foreseen in the first quarter of 2006. Further deliberations on possible ICEIDA support to training and education will take place when that study has been completed and the results presented to the stakeholders.

### Fisheries Research and Management

MFAR had requested ICEIDA to provide technical and financial assistance to strengthen the existing fisheries data collection system. There is a need for co-

*The fisheries sector is of considerable social and economic importance in Sri Lanka.*





ordination and harmonisation between government agencies to make better use of the available resources for data collection and to improve the quality of the data for fisheries management purposes.

An outline for a fisheries statistics project with ICEIDA involvement was prepared in February 2005. It is foreseen to carry out a preparatory study to develop further the objectives and action plan for the project, which will take place in early 2006. At the completion of the study and pending approval by all relevant partners, it is expected that implementation of the project can begin in 2006.

Efforts to study and monitor the fisheries resources have been limited and current knowledge of the resources are patchy and largely based on surveys done more than 20 years ago. It is generally believed that Sri Lanka's coastal fish resources are fully exploited and in some cases over-exploited. Little is known about off-shore resources and migratory stock in international waters, but it is assumed that potential for expansion of the fishery exists.

Regular research and monitoring of marine resources in Sri Lanka has been limited in the past, and although landing statistics are collected by a number of agencies on a regular basis from fishing harbours, these are generally not suitable for meaningful fisheries management and stock monitoring purposes.

### Fish Product Quality

Post-harvest losses are usually quoted as the most serious problem in the Sri Lanka fisheries sector, mostly caused by pollution and contamination. A research project looking at the quality of water and ice used in the fisheries sector was proposed by NARA and approved for funding by ICEIDA in 2005. The project will provide baseline information about the quality of water and ice used at different instances in the fisheries process from landing all the way to the consumer. This study will entail a number of standard bacteriological and chemical parameters, and on the basis of the findings the project will design an action plan for improvement as well as implementing an awareness campaign on water quality among stakeholders. The project will be launched in early 2006 and the first phase completed in six months. The Icelandic Environmental Agency will provide technical expertise and financial support for the project.

In 2005, it was approved to finance the replacement laboratory equipment in the Post Harvest Divisions Laboratory as well as replace or repair equipment and appliances in the experimental food-processing laboratory at NARA, much of which was destroyed in the tsunami. Procurement will take place in early 2006.

Infrastructure Development

Fisheries infrastructure in Sri Lanka was severely damaged by the tsunami. Ten out of twelve fishing harbours were destroyed or damaged as well as infrastructure in 37 anchorages and 200 fish landing centres. The MFAR, supported by FAO, is developing a holistic strategy and programme for the rehabilitation of the sector and this is planned to be completed by early 2006.

ICEIDA has informed GOSL of its willingness to support the implementation of the programme and that the 50 million ISK allocated to ICEIDA in 2005 by the Government of Iceland for tsunami relief activities would be proposed for activities under the programme.

A draft strategy and programme was available in December 2005, but the final document and formal adaptation by MFAR is due in early 2006. ICEIDA is monitoring the progress and will be prepared for involvement as soon as the plans have been made public and approved by GOSL as its strategy.

*It is generally believed that Sri Lanka's coastal fish resources are fully exploited and in some cases over-exploited.*



Photograph: Ágústa Gísladóttir



# UGANDA

**Uganda continued to make substantial progress towards achieving the Millennium Development Goals**

Photograph: Ágústa Gísladóttir





## Introduction

A major achievement for Uganda in 2005 was to rise from the classification of a low development to a medium development country by achieving a Human Development Index of 0.503 for the year 2003, as published by the UNDP Human Development Report in 2005. Furthermore, according to a World Bank report from December 2005, Uganda continued to make substantial progress towards achieving the Millennium Development Goals (MDGs). Good progress had been made towards eradication of poverty (since 1990), the equal ratio of girls and boys in primary education had been met, prevalence rates for HIV/AIDS kept under control and access to safe water significantly improved. However, progress made towards reduction of child mortality and maternal health improvements, was considered less than satisfactory.

At an average population growth rate of 3.4% per annum between 1991 and 2002, and actual total fertility rate of 6.9 per woman, Uganda has become one of the fastest growing nations in the world. At the beginning of 2005, the Ministry of Finance expressed its concern that high fertility rates and fast population growth were threatening to wipe out the benefits from improved social spend-

## UGANDA

### UGANDA – Key Figures

Land area	241,139 km <sup>2</sup>
Population	27,8 million <sup>38</sup>
Population growth rate (2003-2015)	3,3%
GDP per capita	307 US\$ <sup>39</sup>
GDP per capita PPP <sup>40</sup>	1,457 US\$
GDP growth rate 2005	5,5% <sup>41</sup>
Life expectancy at birth (2000-2005 est.)	46,8 years
Adult literacy rate (age 15 and above, estimate)	68,9%
HIV/AIDS prevalence	4,1%
Icelandic aid	1,602,651 US\$

(Statistical sources if not otherwise specified: Human Development Report 2005. Published by the United Nations Development Programme.)

<sup>38</sup> Economist Country Profile 2006. The Economist Intelligence Unit.

<sup>39</sup> Economist Country Profile 2006. The Economist Intelligence Unit.

<sup>40</sup> Purchasing Power Parity. A rate of exchange that accounts for price differences across countries, allowing international comparisons of real output and incomes.

<sup>41</sup> Economist Country Profile 2006. The Economist Intelligence Unit.



ing that Uganda had enjoyed over the last decade. In Uganda, family planning remains limited by cultural factors, hence the importance of increasing its acceptability through promoting smaller families. The Ministry's recommendation is to establish new social forms by targeting the factors that affect fertility levels, such as women's education, female employment opportunities, good access to reproductive health services and appropriate family planning efforts.

In August 2005, the Ugandan Parliament approved two important constitutional amendments. Firstly, a multiparty democratic system was restored, after an almost twenty year era of National Resistance Movement (NRM). Candidates putting themselves forward for the elections in 2006 were able to identify themselves with a political party, instead of standing as individuals as was the requirement of the Movement system. Secondly, the two-term limit on the presidency was lifted causing considerable debate not only between Uganda and its partner donor countries, but within the Movement as well. A number of other constitutional changes, also approved in August, increased the power of the incumbent president.

The merger, in 2004, by three opposition groups led to the creation of the Forum for Democratic Change (FDC), which is the most likely party to challenge the Movement's dominance of the presidential and parliament elections in February



2006. As the leader of the FDC and its candidate for the presidency, Mr. Kizza Besigye is likely to pose the greatest threat to the incumbent president Mr. Museveni. However, in October, only two weeks after his return from exile, Mr. Besigye was arrested on charges of treason and detained in prison until the end of the year. In spite of this detention and amid international protest over his arrest, Mr. Besigye was registered as the FDC presidential candidate in December.

Two major challenges to economic growth were experienced in 2005; below-average rainfall during 2005, which had a serious impact on agricultural output, and electricity shortages affecting many industries. The low water levels of Lake Victoria resulted in the hydro-power stations running at less than half capacity thus causing acute electricity supply shortage in the country. Despite the efforts of the government to increase electricity generating capacity with diesel generators, load-shedding was a routine occurrence all over the country. The GDP growth thus fell short of predictions being at the end of the year 5.5%. Inflation was high during 2005, running at 8.4 % on average. The good news was that buoyant coffee prices boosted exports in 2005 and fish continued to be a strong export commodity.

## UGANDA



Corruption continued to be substantial in Uganda at all levels of society. The Transparency International survey of global perception index in 2005 showed a regression in Uganda's improvement rates and the country remained in the "rampant corruption" category. Various Government mechanisms have been put in place to combat corruption but progress remained slow. In her report to Parliament for the first half of 2005, the Inspector General of Government (IGG) cited the highest number of complaints about district administrators, police, and education officials. The IGG listed some of the causes as being limited financial administration skills together with lack of experience and discipline of district staff in handling public funds.

Insecurity was widespread in the northern part of Uganda, where the civil unrest between Government forces and the Lords Resistance Army (LRA) entered its twentieth year. As a result, a large proportion of the population is now categorised as Internally Displaced Persons (IDP) forced to live in overpopulated camps, devoid of basic social services and living in persistent poverty. The IDPs are largely unable to carry out any economic activities.

The number of IDPs was about 400,000 until a massive campaign (Operation Iron Fist) against LRA was launched in 2002 and over one million people fled their





Photograph: Agústa Gísladóttir

One of the challenges of Uganda's poverty eradication action plan is to build strong social and economic infrastructure.



Photograph: Agústa Gísladóttir



homes. However, since that operation started, coupled with the co-operation with Sudan, which borders the region and has harboured LRA forces in the past, by late 2005 the rebel numbers and the number of attacks on civilians had dwindled drastically. Nevertheless, the perception of insecurity still lingers and people are not ready to return to their homes.

## ICEIDA Development Co-operation

The volume of ICEIDA co-operation in Uganda continued to grow in 2005 and significant efforts were put into securing local ownership of new projects in the pipelines. There was no major change in project strategies and the main effort continued to be within the social and fisheries sectors with a new island FAL project being launched in May.

A trade delegation from Iceland visited Uganda in March. The delegation visited a number of Ugandan fisheries establishments and held a business seminar in Kampala, attended by close to one hundred people.

In late April, ICEIDA projects managers for the social sector from Mozambique, Malawi and Uganda, convened in Kampala for a meeting focusing on adult literacy. A symposium addressing different adult literacy strategies and approaches was also conducted in co-operation with Ugandan academics and literacy practitioners.

An annual monitoring delegation from Iceland visited Uganda in May. The delegation visited the ICEIDA projects in Uganda and attended meetings with representatives of the Ugandan central Government and district officials.

H.E. Mr. Benedikt Ásgeirsson became the first Ambassador of Iceland accredited to Uganda, when he presented his credentials to the President of Uganda H.E. Mr. Yoveri Museveni in May 2005.

## Support to the Social Sector

From the beginning of ICEIDA development co-operation in Uganda, one of the major pillars of the assistance has been support to the Functional Adult Literacy Program (FALP) in island communities on Lake Victoria. The main objectives of the FALP are to raise the literacy levels of the population from the current 67% and to enhance functional knowledge of the adult learners with the aim to achieve permanent positive changes in attitudes and practices. The ICEIDA support, which began in 2002, was initiated on the Ssesse islands in Kalangala district and in 2005 was extended to the Buvuma and Koome islands of Mukono District.

### Kalangala

In 2005, the original FALP co-operation project with Kalangala district, entered into its third and final year. Therefore, an end-of-project evaluation was conducted by external consultants, so as to establish whether the planned activities and the stated objectives had been achieved in an effective and efficient manner.

The main findings of the evaluation showed that literacy and numeracy skills had improved significantly in the district with roughly 10% of the population participating in the programme, increased entrepreneurship activities were reported, household and personal hygiene practices improved and the population was more responsive to development activities. Furthermore, the FAL classes had become entry points for other development programs, and there was increased demand for more training. Lastly, there seemed to be more community cohesion

*The main objectives of the FALP are to raise the literacy levels of the population from the current 67% and to enhance functional knowledge of the adult learners with the aim to achieve permanent positive changes in attitudes and practices.*





as a result of the program. What was not anticipated, were effects such as the evident empowerment of the instructors.

The evaluators agreed that although certain problems such as low sustainability, increased dependency on the external donor (ICEIDA), had been encountered and shortcomings regarding monitoring of classes, the overall project progress went well beyond the original plan.

The evaluation team recommended that the project should continue for some years in order to firmly establish the program in the district, and that the new project document should include a gradual exit strategy. The ICEIDA Board of Directors approved the recommendations and subsequently a Project Extension for a new 5-year period was compiled and submitted for approval by the Board in December.

The support to the FALP in Kalangala otherwise continued according to plan with emphasis on capacity building of instructors and district staff, remuneration of instructors, and production of training material. By the end of the year, close to 1400 learners were enrolled in the classes and 100 instructors were active and

## UGANDA



Photograph: Agústa Gísladóttir



Photograph: Drífa Kristjánsdóttir

*In 2005, the original FALP co-operation project with Kalangala district, entered into its third and final year.*

attended regular refresher courses in 2005. The success of the program is largely dependent on adequate monitoring and technical support from the Community Based Services department and therefore the department was supplied with motorcycles and motorised boats.

The weekly radio program sponsored by the FAL project continued to be a great success.

### Mukono District

In mid-2005, the Project "ICEIDA Support to the Implementation of Uganda FALP in the island sub-counties of Mukono District" was launched.

A new bud of the FAL support is the strengthening of the Functional Adult Literacy Programme (FALP) Management Information System (MIS) for the districts, thus covering Mukono District as a whole rather than just the islands.

Right at the onset of the project, district officials embarked on a vigorous sensitisation campaign, and the project was formally launched at sub-county and parish levels. The next step was to develop the local capacities to carry out the FAL program. All Community Development Officers (CDOs) in the district were





sensitised about the program and the proposed Management and Information system, and the officers based in the islands' sub-counties received special training. Furthermore, several CBS officers took swimming lessons to improve their safety on the lake. The success of the program is largely dependent on adequate monitoring and technical support from the CBS department and therefore it was supplied with basic transport mechanisms such as a vehicle, motorcycles and motorised boats together with some office equipment.

The initial plan was to establish 90 classes in the first half year, hence the same number of FAL instructors received initial training. In September, FAL classes were officially opened at parish level during which instructional materials were handed over to the respective classes.

A monitoring mission carried out after three months of operation revealed that far more learners had enrolled into the FAL classes than had been anticipated in the beginning. By the end of November, 160 fully functioning FAL classes were in place with over 3000 learners. The downside was the subsequent shortage of trained instructors.

Social Infrastructure – support to the Kalangala District Development Program Project preparations continued for a comprehensive rural development project with Kalangala District. The project was outlined in a Letter of Intent signed in May 2005, putting the emphasis on strengthening the capacity of the district to develop and implement the District Development Plan (KDDP). A Project Identification Document based on a needs assessment for the various sectors, and consultations with district officials and officials from the relevant ministries (Local Administration, Education, Health and Fisheries), was prepared by local consultants and submitted to ICEIDA for approval in December.

### Support to the Fisheries Sector

A second pillar of ICEIDA support to Uganda is the assistance to Department of Fisheries Resources, and in particular to the Uganda Fish Quality Laboratory (UFL) in Entebbe. Fish products continue to be Uganda's leading export product and by far the biggest market is the EU, hence the importance of putting appropriate quality assurance mechanisms in place.

The project was initially planned for three years and expected to end in 2005. Therefore, an end-of-project evaluation was conducted by external consultants, to establish whether the planned activities and the stated objectives had been achieved in an effective and efficient manner.

The main findings of the evaluation showed that much progress had been made in developing the capacity of the laboratory's professional and technical staff. Furthermore, the UFL was functioning as microbiological laboratory as intended and had an operational quality manual and a quality system in place. The evaluation team stressed the importance of creating an auto-financing mechanism for the laboratory.

The evaluation team also recommended that the project would be extended for one year in order to achieve accreditation for the laboratory and make room for the gradual withdrawal of external technical assistance. Proposals for a one-year project extension were submitted to ICEIDA in December 2005.

The implementation of the project continued according to plan throughout the year and a major milestone was reached in September, when the UFL applied for national recognition and international accreditation of its microbiological

*A second pillar of ICEIDA support to Uganda is the assistance to Department of Fisheries Resources, and in particular to the Uganda Fish Quality Laboratory (UFL) in Entebbe*



analysis. The capacity building process continued, and the quality systems were fine-tuned. A major activity was the sampling program initiated in February, with 411 samples of fish, ice and water were analysed in 2005. Finally, a business proposal for the UFL was approved by DFR in October.

### Support to NGOs

ICEIDA supported a number of local NGOs involved in social/educational projects in 2005.

Operational support to the Candle Light Foundation, which is a rehabilitation centre for vulnerable girls in Kampala continued. In 2005, their programs focused on assisting the girls in acquiring income-generating skills and sponsoring a number of them to attend primary, secondary and vocational training schools. Furthermore, the foundation provided medical services, social services, and counselling. The foundation supported 33 girls at the end of 2005.

In past years, support has been provided to the construction of dormitories at the Comprehensive College in Kitetika (CCK), in Wakiso district, through the Uganda

## UGANDA



Photographs: Lilja Dóra Kolbeinsdóttir

*Operational support to the Candle Light Foundation, which is a rehabilitation centre for vulnerable girls in Kampala continued.*

Australia Foundation (UAF). About 200 girls have benefited from these dormitories, most of them coming from war-torn northern Uganda. In 2005, a grant was given to UAF to construct a sanitary system for the dormitories. In addition, a football pitch was created.

Kalangala FAL Instructors' Association (KAFIA) was assisted in its efforts to become a strong and active local NGO in Kalangala, by financing its capacity building activities. KAFIA whose main objective is to secure the sustainability of the FAL program in the district had a membership of 70 by the end of 2005.

Lastly, support was granted to the Always Be Tolerant Association (ABETO), a leading Peace Organisation in Uganda. With ICEIDA's support, ABETO published their first civic education training guide and brochure, both in English and in Luganda. The training guide, which promotes peace and tolerance, will be used in adult education.

Photographs: Lilja Dóra Kolbeinsdóttir



Photographs: Ágústa Gísladóttir





# Administration and ICEIDA's Employees in the Year 2005

## 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 May 2005 and will serve until 2009. In August, the Chairman of the Board, Mr Björn Ingi Hrafnsson asked to be disengaged from the Board and was replaced by Mr Sigurður Helgason.

## The Members of the Board are the following:

Mr Sigurður Helgason, *Chairman, appointed by the Minister for Foreign Affairs*  
Ms Bryndís Friðgeirsdóttir, *Project Manager, Social Democratic Party*  
Rev Hjálmar Jónsson, *Minister, Independence Party*  
Mr Jón Skaptason, *General Manager, Independence Party*  
Ms Katrín Ásgrímsdóttir, *Progressive Party*  
Mr Sigfús Ólafsson, *Project Manager, Left-Green Movement*

## Observer

Mr Hermann Örn Ingólfsson, *Minister Counsellor, Ministry for Foreign Affairs*

## Head Office

Mr Sighvatur Björgvinsson, *General Director*  
Mr Árni Helgason, *Deputy General Director (until May)*  
Ms Þórdís Sigurðardóttir, *Executive Officer (from August)*  
Ms Helga Sigurðardóttir, *Finance Officer*  
Ms Lilja Jónsdóttir, *Secretary*  
Ms Sjöfn Vilhelmsdóttir, *Publication and information (until August)*  
Ms Telma Tómasson, *Press Officer (until August)*  
Ms Valgerður B, Gunnarsdóttir, *Librarian*  
Mr Gunnar Hararldsson, *Project Manager (as from October)*  
Ms Guðný Þorbjörg Ísleifsdóttir, *Temporary*

## ICEIDA – Malawi

Ms Þórdís Sigurðardóttir, *Country Director (until July)*  
Ms Margrét Einarsdóttir, *Project Manager until June, Country Director as from July*  
Ms Sigfríður Gunnlaugsdóttir, *Project Manager from 1 July 2005,*  
Mr Jóhann Pálsson, *Project Manager (until July)*  
Mr Ársæll Kristófer Ársælsson, *Project Manager from July 2005,*  
Ms Lovísa Leifsdóttir, *Medical Health Advisor (Project Manager Health Projects)*  
Ms Ragnhildur Rós Indriðadóttir, *Reproductive Health Advisor*  
Ms Stella Samúelsdóttir, *Administrative Co-ordinator*  
Mr Þórður Hjálmarsson, *Intern, June to November 2005*  
Mr Linley Magwira  
Ms Catherine Mandala  
Mr Idrisa Anusa  
Mr Blackson Banda  
Mr Eleneo Kadelera Phiri  
Mr Levison G, Fulundiwe  
Mr Joseph Izaya  
Mr Jolly Kazembe  
Mr Fred Chizule

## ICEIDA – Mozambique

Ms Elín Rósa Sigurðardóttir, *Country Director*  
Ms Hulda Biering, *Project Manager*  
Mr Margeir Gissurarson, *Project Manager*  
Mr Franklín Georgsson, *Project Advisor (from July)*  
Ms Marta Einarsdóttir, *Project Manager (from November)*  
Mr Jóhann Pálsson, *incoming Country Director (from November)*  
Ms Þórunn Sigurðardóttir, *Intern*  
Ms Gilda Lopes, *Office Manager*  
Ms Madalena Humbane, *Receptionist*

Ms Olinda Manuel, *Housekeeper*  
Mr Rafael Chovela, *Driver*  
Mr João Martins, *Driver*

#### ICEIDA – Namibia

Mr Gísli Pálsson, *Country Director*  
Mr Vilmundur Víðir Sigurðsson, *Project Manager*  
Mr Elfar Óskarsson, *Technical Advisor* (until August)  
Ms Martha Mutilifa, *Project Co-ordinator*  
Ms Jenny van der Walt, *Personal Assistant*  
Ms Elizabeth Swartbooi, *Housekeeper*  
Mr Phillip Shilongo, *Driver*

#### ICEIDA – Uganda

Ms Ágústa Gísladóttir, *Country Director*  
Ms Lilja Dóra Kolbeinsdóttir, *Project Manager*  
Mr Kristinn Kristinsson, *Project Advisor*

#### ICEIDA – Sri Lanka

Mr Árni Helgason, *Country Director* (as from August)  
Mr N.S.R. Dias, *Assistant*  
Mr Manjula Dias, *Driver*

## List of Short-term Consultants

### Malawi

Dr Geir Gunnlaugsson provided a short-term consultancy in connection with the “Monkey Bay Health Care” project in February 2005.

Mr Guðni Eiríksson carried out a study on the “Regional Aquaculture Training Programme” at the Fisheries Science Department at the Bunda College of Agriculture in February 2005.

Mr Hilmar Helgason, Assistant Hydrographer at the Icelandic Coast Guard, conducted an evaluation of the “Charting of Lake Malawi” project in February 2005.

Dr Guðrún Haraldsdóttir, carried out a needs assessment in connection with the second phase of the Adult Literacy project in Monkey Bay in March 2005.

Dr Guðrún Haraldsdóttir provided again a short term consultancy services for ICEIDA in September in connection with the second phase of the ICEIDA supported Adult Literacy Project in Monkey Bay.

Mr Stuart Miller and his colleagues from CALCON Consultancy company in Malawi carried out a cost evaluation of the ICEIDA funded Project Monkey Bay Health care in October.

Mr C.N.Z. Zana provided consultancy services on the planning process and the development of a new ICEIDA supported project. An improved access to safe drinking water and improved sanitation in the Monkey Bay Health Zone in December.

### Mozambique

Mr Snorri Þórisson assessed the Quality Control Systems of the Fish Inspection laboratories in Maputo and Beira.

Ms Fatima João conducted a study of the training needs in the Ministry of Fisheries in relation to the training part of the Information and Training Centre.

### Namibia

Mr Kristian Guttesen and Mr Henrik Danielsen conducted a study on a possible chess project in March and April. The same team visited Namibia in November when the agreement on chess training in schools and the training of the Olympic team was signed.

Mr Baldvin Baldvinsson preparations for the updating of the ECO database project at the Ministry for Fisheries in April. Mr Baldvinsson visited Namibia again in November for the updating of the ECO database.

Mr Þorsteinn Þorbergsson, specialist from the Luxemburg branch of Landsbanki Íslands

conducted an assessment of a request from the Development Bank of Namibia in regard to implementing an integrated financial management system for the Bank in April and May.

#### Sri Lanka

Mr Árni Helgason and Dr Tumi Tómasson carried out a project identification mission for the Sri Lanka fisheries sector in February 2005.

Mr Árni Helgason and Ms Anna Katrín Vilhjálmisdóttir worked on the negotiation for GADC between Iceland and Sri Lanka in June 2005.

Mr Lárus Pálmason carried out study of Gear Technology Training with NIFNE in November 2005.

Mr Víðir Sigurðsson carried out study of Maritime Training in the Sri Lanka fisheries sector with NIFNE in November 2005.

#### Uganda

Mr Gestur Gíslason worked as a Geologist during July and August on the Geothermal Pre-feasibility study.

Mr Hjálmar Eysteinnsson worked as a Geophysist during August and September on the Geothermal Pre-feasibility study.

Mr Hróbjartur Árnason and Mr Mubaraq Mubaya carried out an External Evaluation of ICEIDA support to the implementation of FALP in Kalangala District, in May and June.

Dr Hjörleifur Einarsson carried out training at the Uganda Fisheries Laboratory in May.

Mr Ingvar Þór Magnússon worked as a Geophysist during August to September on the Geothermal Pre-feasibility study.

Mr Karl Rúnar Róbertsson and Mr Boaz Blackie Keizire carried out an external evaluation of the project ICEIDA Intervention in Quality Assurance of Fish Products in Uganda-Fish Quality Laboratory in Entebbe in September to October.

Mr Knútur Árnason worked as a Geologist during July to August on the Geothermal Pre-feasibility study.

Mr Mubaraq Mubaya conducted a Logical Framework Workshop for a new phase in ICEIDA Support to the implementation of FALP in Kalangala District in October.

Mr Raphael Magyezi et al. compiled a Project Identification Document for ICEIDA Support to Kalangala District Development Program in October to December.

Mr Þór Clausen compiled a Project Identification Document for ICEIDA support for Entrepreneurship Training in Uganda in July to August.



Photographi: Skarphéðinn Þórisson



## Endorsement of the Annual Accounts

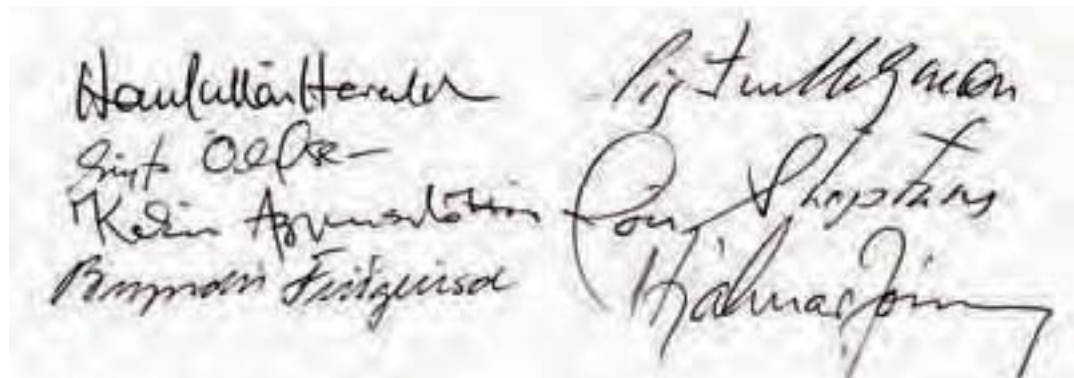
ICEIDA is a government agency subject to the authority of the Foreign Ministry, The Agency operates in accordance with Act No. 43/1981, The Agency has the objective of promoting co-operation between Iceland and the developing countries, The purpose of such co-operation is to support the efforts of the governments of these countries to improve their economies and thereby participate in strengthening their social progress 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.

Revenue balance in 2005 amounted to approximately USD 2,576 thousand in surplus. Year-end assets of the Agency amounted to USD 3,011 thousand and equity amounted to USD 2,936 thousand.

The Board of Directors and Director General endorse the Annual Accounts of the Agency for the year 2005 with their signatures.

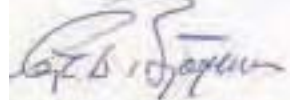
Reykjavík, 29. July, 2006

Board of Directors



Handwritten signatures of the Board of Directors, including names like Haukur Ástheim, Guðrún Ólafur, and others.

Director General



Handwritten signature of the Director General.

# Auditor's report

## To the Board of Directors of ICEIDA

We have audited the annual accounts of ICEIDA for the year 2005. 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,

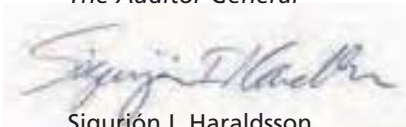
The audit includes examining, on a test basis, evidence supporting the amounts and other disclosures in the annual accounts. The audit also includes assessing the accounting principles used and the significant estimates made by management in the preparation of the annual accounts and their overall presentation, 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 2005, its financial position as at 31 December 2005 and changes in cash in the year 2005 in accordance with the law, regulations and generally accepted accounting practices for A-Section institutions.

The Icelandic National Audit Office.



Sigurdur Thordarson,  
*The Auditor General*



Sigurjón I. Haraldsson



# Audit Report 2005

Profit and Loss Account for the Year 2005		
Income:	2005 USD	2004 USD
Own income:	<u>1,049</u>	<u>11,539</u>
	<u>1,049</u>	<u>11,539</u>
Expenses:		
Head Office	1,001,395	812,002
Malawi	2,205,301	2,253,187
Mozambique	1,556,624	1,183,040
Namibia	1,354,522	1,261,691
Uganda	1,602,651	1,139,660
Other development assistance	<u>1,060,456</u>	<u>208,061</u>
	<u>8,780,949</u>	<u>6,857,641</u>
<b>Deficit before cost of financing</b>	(8,779,900)	(6,846,102)
Interest income, (financial expenses)	<u>67,136</u>	<u>(73,887)</u>
<b>Earnings (deficit) before State Appropriation</b>	<b>(8,712,764)</b>	<b>(6,919,989)</b>
State Appropriation	<u>11,288,684</u>	<u>6,686,113</u>
<b>Revenue Balance (deficit)</b>	<u><u>2,575,920</u></u>	<u><u>(233,876)</u></u>

Average exchange rate (s) for the year 2005; 63,01 ISK/USD as valuated by the Central Bank of Iceland  
 Average exchange rate (s) for the year 2004; 70,28 ISK/USD as valuated by the Central Bank of Iceland

### Balance Sheet 31 December 2005

Assets	2005	2004
	USD	USD
<b>Current assets</b>		
Treasury	2,419	18,319
Current debtors	71,575	14,838
Cash	<u>2,937,202</u>	<u>398,184</u>
<b>Total assets</b>	<u><u>3,011,196</u></u>	<u><u>431,341</u></u>
Equity and liabilities		
<b>Equity</b>		
Balance 1 January	376,327	553,527
Translation gain/ (loss)	(16,042)	56,676
Revenue balance	<u>2,575,920</u>	<u>(233,876)</u>
<b>Equity</b>	<u><u>2,936,205</u></u>	<u><u>376,327</u></u>
Liabilities:		
<b>Current liabilities</b>		
Overdraft	2,271	0
Unpaid expenses	<u>72,710</u>	<u>55,014</u>
<b>Liabilities</b>	<u><u>74,991</u></u>	<u><u>55,014</u></u>
<b>Equity and liabilities</b>	<u><u>3,011,196</u></u>	<u><u>431,341</u></u>

Average exchange rate (s) for the year 2005; 63,01 ISK/USD as valuated by the Central Bank of Iceland  
Average exchange rate (s) for the year 2004; 70,28 ISK/USD as valuated by the Central Bank of Iceland

# Abbreviations

AFSD	Aquaculture and Fisheries Science Department, Bunda College, Malawi	IDP	Internally Displaced Persons
ALP	Adult Literacy Programme Malawi	IdPPE	Instituto de Desenvolvimento de Pesca de Pequena Escala
AIDS	Acquired Immune Deficiency Syndrome		National Institute of Small Scale Fishing Development
AVIMAS	Associação das Viúvas e Mães Solteiras Association of Widows and Single Mothers, Mozambique	INAHINA	Instituto Nacional de Hidrografia e Navegação The Mozambican Institute for Hydrographic Surveying, Mozambique
BCA	Bunda College of Agriculture, Malawi	INIP	Instituto Nacional de Inspeção de Pescado National Institute for Fisheries Inspections, Mozambique
BCC	Benguela Community Centre, Namibia	IRC	Icelandic Red Cross
CIT	Centro de Informação e Treino Information and Training Centre at the Ministry of Fisheries, Mozambique	KAFIA	Kalangala FAL Instructors' Association, Uganda
CVM	Cruz Vermelha de Moçambique Mozambican Red Cross	LLP	Lüderitz Literacy Project, Namibia
DBS	Direct Budget Support	LRA	Lords Resistance Army, Uganda
DfID	British Department for International Development	LTTE	Liberation Tigers of Tamil Eelam, Sri Lanka
DFR	Department of Fisheries in Uganda	MDOS	Malawi Department of Survey
DIP	Departamento de Inspeção de Pescado Fish Inspection Department, Ministry of Fisheries Mozambique	MFAR	Ministry of Fisheries and Aquatic Resources Sri Lanka
DNM	Direcção Nacional das Mulheres National Directorate for Women, Mozambique	MDGs	Millennium Development Goals
ECO	Fisheries Economic Database, Ministry of Fisheries and Marine Resources, Namibia	MoGCWCS	Ministry of Gender, Child Welfare and Community Services, Malawi
FALP	Functional Adult Literacy Program, Uganda	MVAC	Malawi Vulnerability Assessment Committee
FIMS	Fisheries Information Management System, Namibia	NALP	National Adult Literacy Programme, Malawi
FRELIMO	Frente de Libertação de Moçambique	NAMFI	Namibian Maritime and Fisheries Institute
GADC	General Agreement on Forms and Procedures for Development Co-operation between the Government of the Republic of Iceland and the Government of the Democratic Socialist Republic of Sri Lanka	NDF	Nordic Development Fund
GAPI	Gabinete para Apoio a Pequenos Projectos de Investimento Office to support small investment projects, Mozambique	NGO	Non-Governmental Organisation
GDP	Gross Domestic Product	NIFNE	National Institute of Fisheries and Nautical Engineering
GNI	Gross National Income	ODA	Official Development Assistance
GOSL	Government of Sri Lanka	PARPA	Plano de Acção para a Redução da Pobreza Poverty Reduction Strategy Paper, Mozambique
HDI	Human Development Index	PPP	Purchasing Power Parity
HIV	Human Immunodeficiency Virus	REFLECT	Regenerated Freirean Literacy through Empowering Community Techniques
IMF	International Monetary Fund	RENAMO	Resistência Nacional Moçambicana Mozambican National Resistance
IASST	International Association for Safety and Survival Training, Namibia	SADC	Southern African Development Community
ICEIDA	Icelandic International Development Agency	SWAPO	South-West Africa People's Organisation
IDF	Icelandic Directorate of Fisheries	TBA	Traditional Birth Attendant
		UN	United Nations
		UNDP	United Nations Development Programme
		VCT	Volunteer Counselling and Testing Centre, Malawi



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