NAMIBIAN AGRONOMIC BOARD

annual report 2015/16

1 APRIL 2015 - 31 MARCH 2016

no 29

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2015/16 annual report highlights

Climatic conditions

Rain-fed agronomy performed poorly during the 2015 / 16 period, due to the drought. Very hot climatic conditions also had an impact on crops produced under irrigation.

Organisational aspects

The Agricultural Marketing and Trade Agency (AMTA), will take the role of implementing agency for NAB, to allow the Secretariat to focus on policy, consultation and monitoring.

The Chairperson of the Board, Mr Kobus van Graan, resigned. The Honourable Minister of Agriculture, Water and Forestry, John Mutorwa formally appointed Ms Sirkka Iileka as the new Chairperson.

Horticulture

Namibia consumed 73,439 tons of horticultural produce in the formal market, worth N$ 678 million. 23,579 tons were locally sourced. 49,859 tons were imported. The actual MSP achieved for the 2015/2016 financial year was 46%. 7,567 tons of white onions were marketed locally, and 9,288 tons were exported when the local market was over-supplied. 7,055 tons of potatoes were produced locally. A total of 3,213 tons of locally produced potatoes were exported, which could not be marketed in Namibia.

Mahangu

Due to the drought, only 98 tons of mahangu were formally marketed to millers and the National Food Security Reserve. The quantity of mahangu imported has increased by 54.7% compared to the import of 2014.

Wheat

12,366 tons of wheat were harvested, of which 11,411 tons were marketed to millers. 95,190 tons of wheat were imported, to be milled to meet the local consumption demand.

White maize

6,100 tons of white maize produced on dry-land were harvested. 32,800 tons of white maize were produced under irrigation. 120,659 tons were imported, to be milled.

01

corporate philosophy

vision

To be a leading promoter of a vibrant agronomic industry.

mission

To develop and promote a sustainable and diverse agronomic industry through strong leadership, management, facilitation, advice and regulation in effective partnership with Government and stakeholders.

core values

The NAB strives to uphold the core values of integrity, teamwork, fairness, independent thinking, pro-activity and accountability.

strategic objective

To promote the agronomic industry and to facilitate the production, processing, storage and marketing of controlled products in Namibia.

motto

"...creating a marketing environment that is conducive to growing and processing crops in Namibia..."

02

chairperson's report

"During the climate of drought, use of market mechanisms gave local farmers the confidence that there would be a market for their crops, and that traders and millers would not compensate for potential threats by increasing imports."

The 2015 / 16 period was characterized by ongoing drought, which brought into focus the vital role that the Namibian Agronomic Board (NAB) must play in ensuring food security for Namibia, through support to agronomic producers and traders, and policy development that secures the sustainability of agronomic sub-sector.

Sustainability of the sub-sector contributes to food security, employment, and poverty alleviation.

The role of NAB is to foster agronomy through policy and regulatory advisory services to the Ministry of Agriculture, Water and Forestry (MAWF), and its Minister, Hon. John Mutorwa. The NAB makes its recommendations and gives advice to MAWF regarding agronomic matters based on consultation with producers, millers, traders and other stakeholders from the industry.

The primary mechanisms to create an environment that is conducive for local production and marketing in the sub-sector are regulatory closed-border periods for imported grains, and the horticultural market share promotion (MSP) scheme. Closed border periods for grains (mahangu, wheat and white maize) are implemented when Namibian production is sufficient. All formally marketed grains in the 2015 / 16 period were purchased by local millers. Under the MSP scheme, traders may only import horticultural produce once a percentage of local purchases has been fulfilled (2015 / 16: 46%).

During the climate of drought, use of market mechanisms gave local farmers the confidence that there would be a market for their crops, and that traders and millers would not compensate for potential threats by increasing imports. Credit in this regard is also due to the traders and millers, who recognised the importance of a viable, local production environment, and their support to producers and the NAB.

The period was also characterized by evolution of the NAB and its institutional environment. Previously the Board's staff performed a number of administrative functions. Some of these tasks were assigned to the Agro-Marketing and Trade Agency (AMTA), which is now responsible for practical implementation of marketing, processing, handling and trade of all agronomic products. The Agricultural Business Development Agency (AgriBusDev) is now responsible for further development and securing of agronomy through its Green Scheme farms. As a result of its strengthened institutional environment, NAB has been better able to focus on its role as a provider of regulatory and policy advice.

Although legal proceedings were launched by the Namibian Association of Traders in Fresh Produce, against MAWF, AMTA and NAB, the matter was withdrawn when the conditions of AMTA's appointment were made known by the Minister of Agriculture, Water and Forestry.

During the year under review, NAB was faced with pressing, high-level matters that required urgent attention from the various committees of the Board. On the basis of prompt advice, the Minister was able to give valued and timely responses, for which the Board, and myself, express our gratitude.

I thank the Board and committee members for their commitment and hard work to make a success of the year, as well as the highly competent and experienced staff.

I also thank out numerous stakeholders, particularly the producers, traders and millers, for their valued inputs, and patience with the process.

SIRKKA IILEKA
Chairperson

03 ceo's report

AGRONOMIC PRODUCTION AND MARKETING

Rain-fed agronomy performed poorly during the 2015 / 16 period, due to the drought. Formally marketed rain-fed white maize fell from an average of 35,000 tons during good years, to approximately 6,000 tons. Formally traded mahangu tumbled to an all-time low of 100 tons. The estimated mahangu harvest, including informal trading, was approximately 22,000 tons.

Total domestic white maize production was still 57% of that expected in a year of normal to good rainfall. Rain-fed white maize production was severely impacted by the drought. White maize under irrigation fared better and only fell by 5%. The decline of the crop under irrigation is attributed to excessive heat brought about by drought conditions. Under optimum climate conditions, irrigated white maize production levels are equal to rain-fed white maize production levels.

Wheat, a winter crop produced only under irrigation, had approximately the same number of hectares and yield as the previous year: 11,400 tons from 2,100 hectares, approximately 12% of longer-term average net annual consumption of just under 100,000 tons.

Horticultural fresh produce also suffered from excessive heat caused by drought, resulting in a reduction of 8% in tonnage of local produce formally marketed compared to the previous reporting period. All the same, the Namibian Market Share Promotion (MSP), which compels importing traders to buy a minimum percentage of local produce in monetary terms, achieved 46% overall, against a prescribed 44%.

For the special controlled product **potatoes** (36% of total Namibian horticultural consumption by weight) gains in local production have been modest, but steady. The seasonality of Namibian production and the fact that Namibia has insufficient potato washing facilities, still keep the level of imports unreasonably high.

For the special controlled product **onions** (9% of total Namibian horticultural consumption by weight) it is satisfying to observe

"With the assurance of continued mutual support and cooperation, NAB can confidently rise to the challenges of the coming year."

the tremendous increase in local production, including for export, albeit seasonal. Onions must still be imported between December and March when the cultivation of onions in Namibia is very risky. In future, NAB may investigate the viability of longer term storage to cover the unfavourable production seasons.

It is intended that, as soon as the teething problems with potatoes and onions have been sorted out, others from the 'top ten' (local vegetables) will also be treated as special controlled products.

EVOLUTION, REGULATORY AND LEGAL MATTERS

The 2015 / 16 period brought profound change to NAB. In the past, NAB was responsible for practical implementation of its policy. In future, the Agricultural Marketing and Trade Agency (AMTA), will take the role of implementing agency for NAB, and NAB's Secretariat will focus on policy, consultation and monitoring. As understanding of the relationship grows, a healthy working relationship is developing.

Advanced legal drafts by Ministry of Agriculture, Water and Forestry (MAWF), are expected to effect decisive amendments to the Agronomic Industry Act. Promulgation of these amendments will change the status and the functions of the Board considerably, but many of the anticipated changes have already been implemented through the Agent Agreement with AMTA.

The High Court case of the Namibian Association of Traders in Fresh Produce against MAWF, the AMTA and the NAB, regarding the new import levies, proceeded during the year. The case was withdrawn after detailed conditions of the appointment of AMTA as an agent of the NAB were approved by the Honourable Minister of Agriculture, Water and Forestry.

BOARD MATTERS

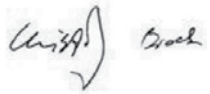
The Chairperson of the Board, Mr Kobus van Graan, resigned from the position of Chair, as well as the Board. The Deputy Chairperson, Ms Sirkka Iileka, took over in an acting capacity. The Honourable Minister of Agriculture, Water and Forestry formally appointed her as the new Chairperson shortly after. Mr André Compion was appointed Deputy Chairperson. I would like to express my admiration and respect for the way the new Chairperson stepped into the role, with balanced tact and confidence under difficult conditions.

Meetings of the Board, and various focussed Commodity and other Advisory Committees of NAB have functioned efficiently and effectively under the exemplary guidance of our Chairperson, as well as other Board members who chaired Advisory Committees.

GRATITUDE

I wish to thank all the Namibian producers, processors and traders of agronomic produce, the Honourable Minister of Agriculture, Water and Forestry and his team, the Chair and Vice-Chair and members of the Board and my colleagues in the Board's Secretariat for their enthusiastic and wise support to the Namibian agronomic industry, to the NAB, and to myself, in particular.

With the assurance of continued mutual support and cooperation, NAB can confidently rise to the challenges of the coming year.



CHRISTOF BROCK
Chief Executive Officer

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NAB board & secretariat

STANDING LEFT TO RIGHT

Michael Iyambo *(Advisor)* | **Akawa Amufufu** *(National Mahangu Manager)* | **Ian Collard** *(Member)* | **Barbara Snyders-Bock** *(Financial Manager)* | **Leon Nel** *(Advisor)*
Christof Brock *(CEO)* | **Gernot Eggert** *(Advisor)* | **Wilhelmina Handunge** *(Member)* | **Elizabeth Hilger** *(Member)* | **Tarcisius Shingundu** *(Member)*
Antoinette Venter *(Maize & Wheat and Administrative Manager)* | **Nico van der Merwe** *(Member)*

SEATED LEFT TO RIGHT

Mary Shikukutu *(Member)* | **Veripi Kandenge** *(Member)* | **Sirkka Iileka** *(Chairperson)* | **André Compion** *(Vice Chairperson)* | **Loide Homateni** *(Member)*
Edward Mataba *(Member)*

INSETS

Lungameni Lucas
(MD of AMTA)
Manjo Krige
(Horticulture Specialist)
Kaarina Amutenya
(Member)
Karl Likuwa
(Member)

05

namibian agronomic board

5.1

ESTABLISHMENT OF THE NAMIBIAN AGRONOMIC BOARD (NAB)

NAB was established in terms of the Agronomic Industry Proclamations, AG 11 and AG 12, in 1985. These Proclamations were replaced by the Agronomic Industry Act, Act 20 of 1992. Act 20 defines the Board's powers and obligations. In 2006, the State-Owned Enterprises (SOE) Governance Act, Act 149, was promulgated, and NAB has been monitored by the SOE Governance Council since September 2006.

The Ministry of Public Enterprises (MoPE) was established in 2015, and acts as the supervising ministry for state-owned enterprises. As a result, NAB reports to the Ministry of Agriculture, Water and Forestry (MAWF), and to the MoPE on matters of corporate governance.

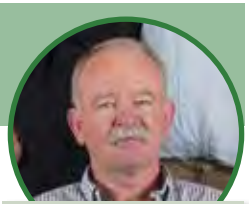
5.2 COMPOSITION OF THE NAB BOARD AND BOARD MEETINGS

The members of the Namibian Agronomic Board were appointed by the Honourable John Mutorwa, Minister of Agriculture, Water and Forestry in May 2014 and, in terms of section 4(1) of the Agronomic Industry Act.

Mr Kobus van Graan resigned as Chairperson of the Board on 6 May 2015 and, on 12 May, Minister Mutorwa appointed the Deputy Chairlady, Ms Sirkka Iileka, as the new Chairperson, effective from 6 May 2016. On 11 February 2016, the Minister appointed Mr André Compion as new Deputy Chairperson and, on 18 February 2016, Mr Nico van der Merwe was appointed as Board member in place of Mr André Compion, now the Deputy Chair.

THE BOARD COMPRISES OF:

Sirkka Iileka
(Chairperson)



André Compion
(Deputy Chairperson)

Kaarina Amutenya

Ian Collard

Wilhelmina Handunge

Elizabeth Hilger

Loide Homateni

J Veripi Kandenge

Karl Likuwa

Edward Mataba

Mary Shikukutu

Tarcisius Shingundu

Nico van der Merwe

Mr Kobus van Graan resigned as Chairperson of the Board on 6 May 2015 and, on 12 May, Minister Mutorwa appointed the Deputy Chairperson, Ms Sirkka Iileka, first as Acting Chairperson, then as full Chairperson, effective from 6 May 2016.

In terms of section 4 (4) of the Agronomic Industry Act, the Board may appoint three non-voting advisors to the Board. These are:

Michael Iyambo
Chairperson: NHTT

Gernot Eggert
Chairperson: APA

Leon Nel
MC: NAFTP

The NAB Board held the following extra-ordinary and ordinary meetings during the period under review:

Extra-ordinary meeting: 5 May 2015

Extra-ordinary meeting: 18 May 2015

Ordinary meeting: 23 July 2015

Ordinary meeting: 3 December 2015

Ordinary meeting: 31 March 2016

5.3 INFOGRAPHIC: ADVISORY COMMITTEES OF NAB

NAMIBIAN AGRONOMIC BOARD (NAB)

Deliberates and takes decisions in terms of the Agronomic Industry Act with regard to policy, financial and regulatory matters referred by the Commodity Advisory Committees (via the OAC or the FMAC) for final resolution and implementation.

↑

OVERALL ADVISORY COMMITTEE (OAC)

Refers, advises and makes recommendations concerning decisions to be taken with regard to financial, policy or regulatory matters as proposed by the Commodity Advisory Committees.

↑ ↑ ↑ ↑

FINANCIAL MANANGEMENT ADVISORY COMMITTEE (FMAC)

Advises the Board on matters relating to the financial reporting process, internal financial control audits, financial risks and financial matters referred from Commodity Advisory Committees.

Advises on HR and corporate governance matters.

NHTT / NHAC | **NMAC** | **NMWAC**

↑ ↑ ↑

COMMODITY ADVISORY COMMITTEES

Take decisions concerning day-to-day operational and administrative matters that do not fall under the jurisdiction of the Act, or that do not need Board resolutions.

↑ ↑ ↑

NATFP **NAHOP** **POPA** **MAWF**	**NMPA** **NNFU** **MAWF**	**APA** **NGPA** **NAU** **MAWF**

COMMODITY ADVISORY COMMITTEES:

NMWAC: National Maize and Wheat Advisory Committee
NHAC: National Horticulture Advisory Committee
NHTT: National Horticulture Task Team
NMAC: National Mahangu Advisory Committee

EXTERNAL ORGANISATIONS:

NGPA: Namibia Grain Processors Association
NATFP: Namibia Association of Traders in Fresh Produce
NAHOP: Namibia Association of Horticulture Producers
POPA: Potato and Onion Producers Association
NMPA: Namibia Mahangu Processors Association
NNFU: Namibia National Farmers Union
APA: Agronomy Producers Association
NAU: Namibia Agricultural Union
MAWF: Ministry of Agriculture Water and Forestry

ADVISORY COMMITTEES TO THE BOARD AND MEETINGS OF ADVISORY COMMITTEES

5.4

Section 12 (1) (a) of the Agronomic Industry Act makes provision for Advisory Committees to advise the Board in any of its duties.

THE OVERALL ADVISORY COMMITTEE (OAC)

The OAC consists of Board members, knowledgeable in their specific fields, who have the responsibility to discuss matters referred by the Commodity Committees, and the Financial Management Advisory Committee, in order to formulate advice and well-motivated recommendations to the full Board.

THE FOLLOWING BOARD MEMBERS AND ADVISORS SERVED ON THE OAC:

Sirkka Iileka
Board Chairperson & Chairperson: NMAC

André Compion
Chairperson: NMWAC

Ian Collard
Chairperson: FMAC & Chairperson: NGPA

Michael Iyambo
Chairperson: NHTT

Leon Nel
Chairperson: NATFP

The following OAC meetings were held:

25 June 2015

5 November 2015

29 February 2016

FINANCIAL MANAGEMENT ADVISORY COMMITTEE (FMAC)

The FMAC primarily on financial matters such as the financial reporting process, internal financial control audits and financial risks, as well as human resources matters and corporate governance matters.

THE FOLLOWING PERSONS SERVED ON THE FMAC:

Ian Collard
Chairperson: FMAC

André Compion
Board member

Karl Likuwa
Board member

Kaarina Amutenya
Board member

Niek Tromp
NC Tromp & Co: External auditors

Sirkka Iileka
Board Chairperson: Ex-officio

Three FMAC meetings were held during the period under review:

4 June 2015

25 November 2015

11 March 2016

COMMODITY ADVISORY COMMITTEES

The following commodity advisory committees discuss commodity issues and make recommendations to the OAC and the Board:

National Mahangu Advisory Committee (NMAC) with Ms Sirkka Iileka as Chairperson, held 3 meetings:

27 May 2015

6 October 2015

16 February 2016

National Horticulture Advisory Committee (NHAC) / National Horticulture Task Team (NHTT) with Mr Michael Iyambo as Chairperson, held 3 meetings:

28 April 2015

22 September 2015

9 February 2016

National Maize and Wheat Advisory Committee (NMWAC) with Mr André Compion as Chairperson, held 3 meetings:

3 June 2015

15 October 2015

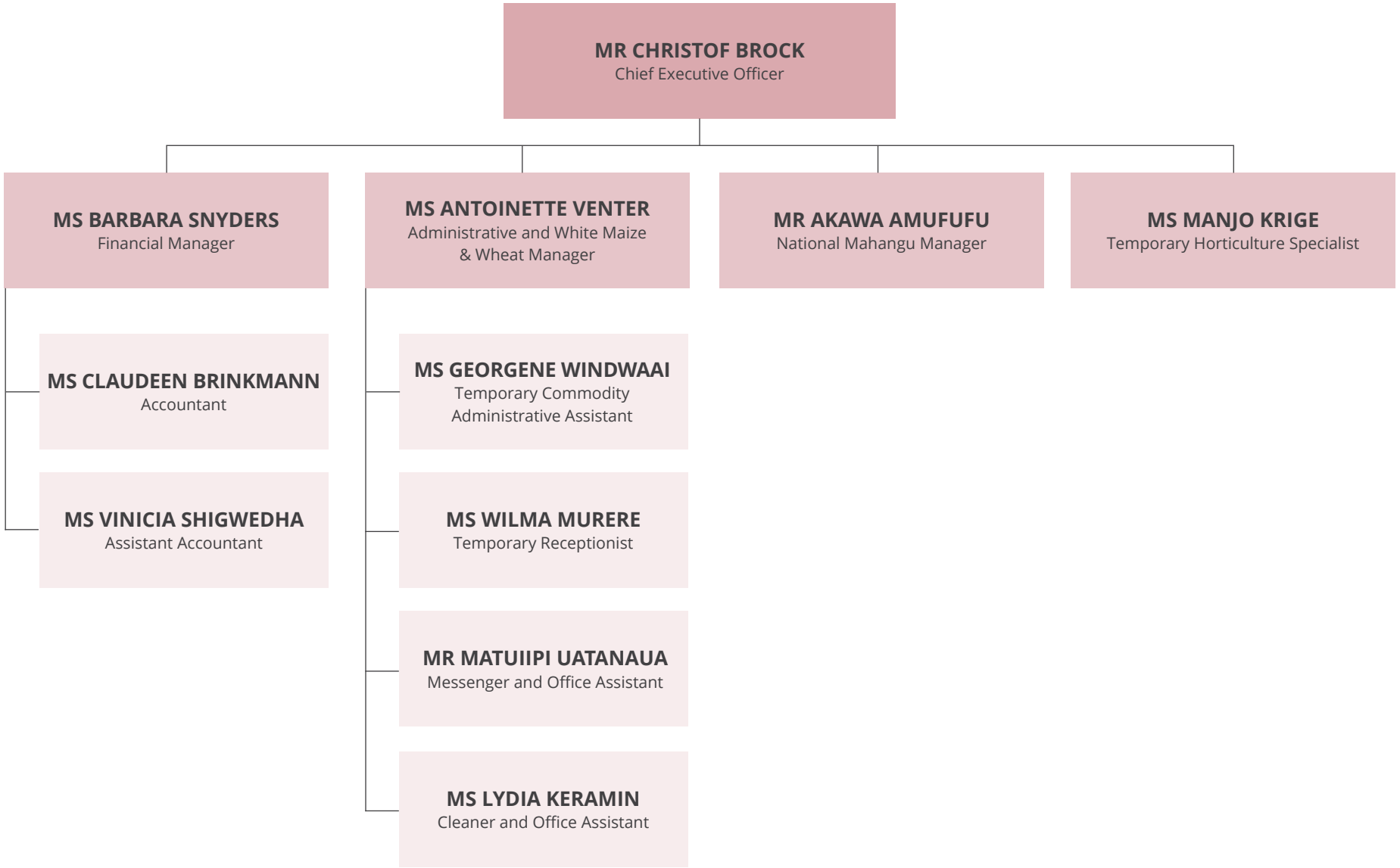
3 February 2016

06

NAB administration

SECRETARIAT OF THE NAB

6.1



6.2 FUNCTIONS OF THE NAB SECRETARIAT

On 27 March 2014, the NAB appointed AMTA as its agent to perform certain duties and collect levies. The Secretariat, in cooperation with AMTA, fulfils the following main functions:

- Facilitating the marketing of controlled agronomic crops and regulating the market environment.
- Promoting domestically produced agronomic crops, and fostering and improving the market for all declared crops and products.
- Managing the domestic trade environment, and facilitating the development of grain and horticultural markets to ensure that its stakeholders are not exposed to unfair trading practices.
- Recommending commodity development projects of associations and unions to the MAWF for levy funding.
- Monitoring AMTA regarding the regulatory framework for controlled crops and their products, recommending crops for gazetting, maintaining quality standards and the monitoring of controlled agronomic crops and their products.
- Making recommendations to and advising the Ministry of Agriculture, Water and Forestry (MAWF) on all issues relating to the agronomic industry.

controlled crops

07

7.1 HORTICULTURE FRESH PRODUCE

OVERVIEW OF HORTICULTURE

All horticulture products are controlled products as gazetted in accordance with Section 2 of the Agronomic Industry Act of 1992.

In the 2015 / 16 financial year, Namibia consumed 73,439 tons of horticultural produce in the formal market, worth N$ 678 million*. These figures indicate an increase of 1% in tonnage purchased, and an increase of 25% in the monetary value of locally produced horticulture products sold in the formal market, as well as imports.

The significant increase in monetary value is due to the decrease in the supply of certain product lines as a result of the drought in Southern Africa, which caused a sharp rise in fruit and vegetable prices. The effect of the gazetting of the import levy (5%) and general purchasing levy (1.4%) also contributed to a higher monetary value of items traded in the horticulture sector.

The drought affected the Namibian horticulture sector as well, with a reported decrease of 8% in the actual, local tonnage marketed to the formal trade.

The reduction is due to the fact that some producers reduced production as a result of a lack of water resources. Seed germination and pollination challenges were experienced due to high air temperatures, and low humidity caused decreases in yield and poor fruit quality.

** The calculation is based on prices paid to local producers delivering to traders, and the import price, which excludes the transport cost.*

HORTICULTURE MARKET REGULATIONS

The Namibian Agronomic Board regulates the horticulture industry through the Market Share Promotion (MSP) scheme, which is implemented by AMTA as an agent of the NAB. In terms of the MSP, importers of fresh horticulture products are required to source a minimum percentage of their products from Namibian producers, prior to qualifying for an import permit in a given quarter. If traders do not meet the required percentage, a pro-rata reduced import permit is issued.

The initial MSP was set at 5% in 2005. This increased to 44% in 2015 / 16. The MSP% that traders need to achieve, is established by mutual industry consensus, based on accurate figures, at the National Horticulture Task Team (NHTT) meetings, which are held three times per year.

According to the Government Gazette of 31 December 2014, AMTA collects a 1.4% levy on sales from local producers, 5% on imported horticulture imports and 1.4% from traders as a general purchasing levy.

The objective of the MSP is to create a more dynamic and favourable marketing environment. Traders are encouraged to engage producers through commissioning planting agreements, to increase local sourcing. Producers are therefore motivated to increase production according to market demand, as the marketing risk is reduced. Ultimately, by implementing the MSP, the investment in the Namibian agriculture sector is stimulated.

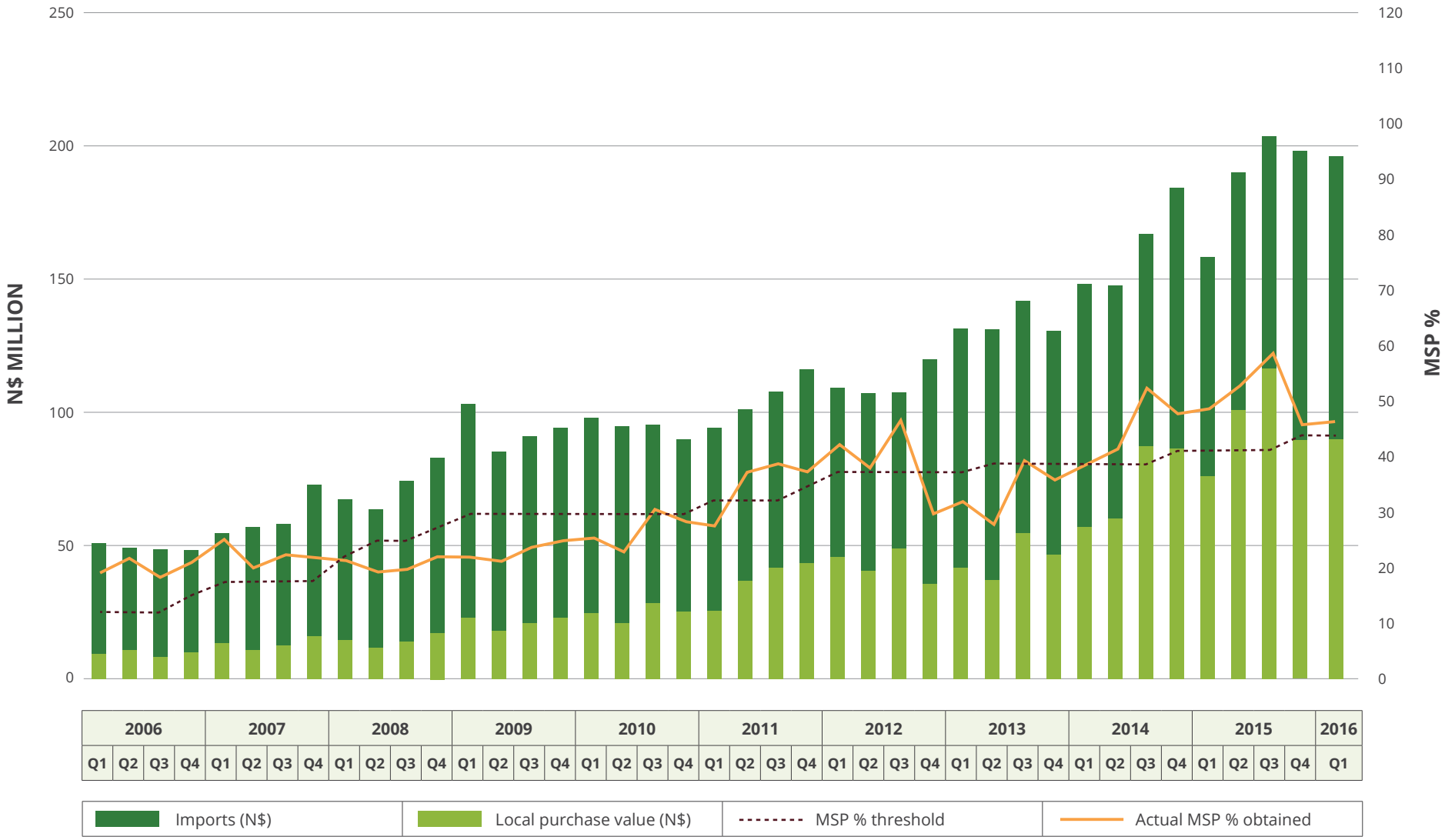
The main elements of the horticulture market regulations, as implemented by AMTA, are:

1. Implementation of the MSP scheme for all controlled and special controlled products (such as potatoes and onions), which includes the processing of all trader invoices on the Agricultural Marketing Information Database (AMID).
2. Implementation of the trader import permit system.
3. Border control to ensure compliance with the MSP rules.

IMPACT OF THE MARKET SHARE PROMOTION

The MSP for 2015 / 2016 was 46%, calculated on traded value of local horticulture produce. Figure 1 shows the trend for monetary values of locally sourced fresh produce versus imports, as well as the MSP threshold versus actual MSP obtained per quarter. In 2006, during the quarter 1 permit period, the MSP threshold was 12.5% compared to the 19% actual MSP at national level but, in 2016, in the corresponding quarter permit period, the MSP threshold was at 44%, and the actual MSP obtained was 46%. This indicates an increase of 27% more than the actual MSP obtained in quarter 1 permit period of 2006.

FIGURE 1 MARKET SHARE PROMOTION (MSP) PERFORMANCE VS DOMESTIC FORMAL MARKET PURCHASES AND IMPORTS



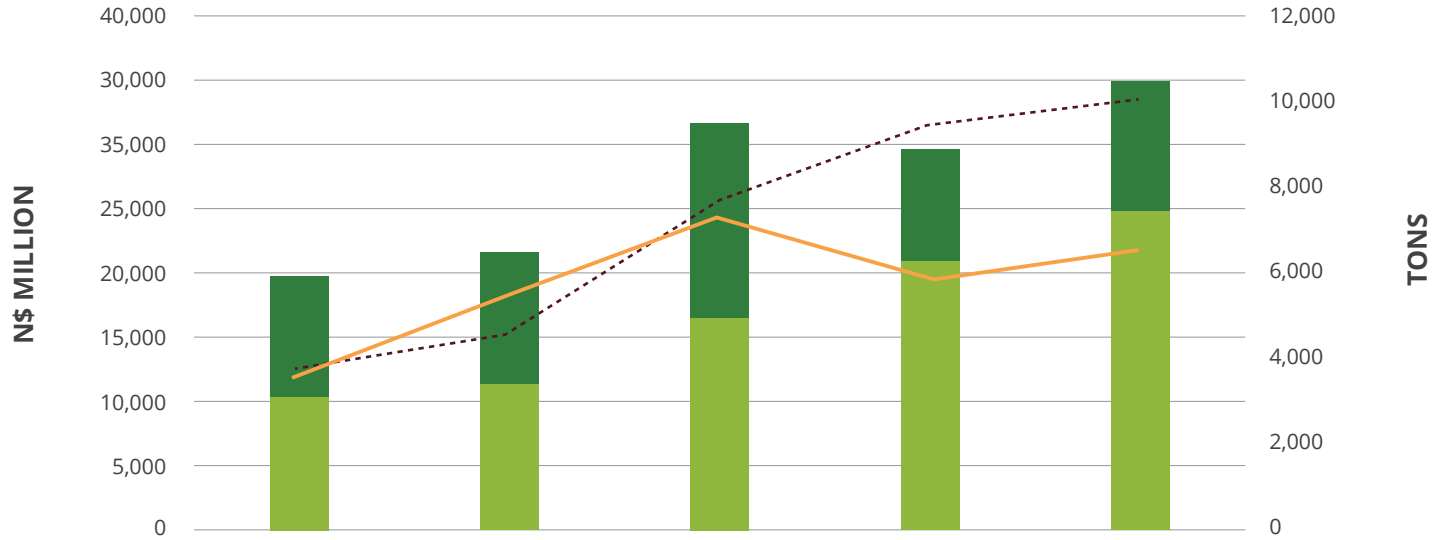
IMPACT OF THE SPECIAL CONTROLLED PRODUCT MEASURES

In addition to the MSP rules, certain products such as potatoes and onions entail separate import permit requirements. The objective of the import permit requirement is to ensure that these products are not imported when Namibia has sufficient produce available, according to the required market quality. The local produce is therefore marketed first, before imports can take place.

Onions

In 2015 / 2016 financial year, a closed-border period was instituted for the importation of normal onions from 1 June to 15 December 2015. According to figure 2, these restrictions resulted in an increase of 140% in local marketing of 7,567 tons of onions, compared to 3,149 tons in the 2010 / 2011 financial year. Only 2,939 tons (39% of total demand) were imported between December 2015 and March 2016, and 9,288 tons were exported between June 2015 and November 2015, when the local market was over-supplied.

FIGURE 2 **FORMAL DOMESTIC MARKET VALUE AND TONNAGE OF ONIONS**



	2011 / 12	2012 / 13	2013 / 14	2014 / 15	2015 / 16
Import (tons)	2,778.47	3,035.53	4,528.70	2,591.14	2,939.00
Domestic (tons)	3,149.49	3,503.72	5,024.70	6,336.82	7,567.00
Domestic value (N$)	12,755,899	15,617,971	25,837,662	31,779,564	33,820,513
Import value (N$)	12,299,299	18,504,104	24,673,004	19,927,003	21,972,786

Potatoes

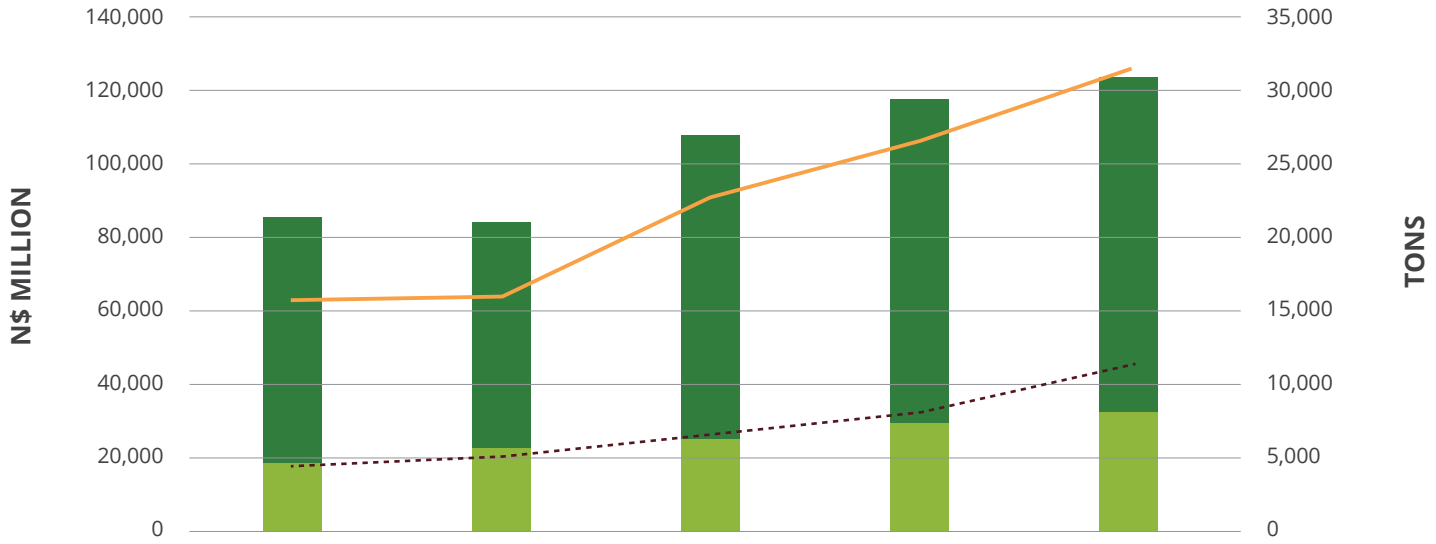
Potatoes are produced seasonally, as they are sensitive to frost and excessive heat. The country's potato production season begins after the last frost, typically in August. This leads to seasonal availability of local potatoes from November in the preceding year to August in the following year.

In the 2015 / 2016 financial year, no closed-border period was instituted for potato imports, due to insufficient availability of locally produced potatoes, especially washed potatoes, which constitute a large percentage of local demand. To stimulate additional demand for local produce, the industry needs to invest in washing equipment, so that more washed potatoes are available during the year, instead of unwashed or brushed potatoes only.

Figure 3 shows that 7,055 tons (26% of total local demand) of locally produced potatoes and a total of 19,651 tons of imported potatoes (74% of the total local demand) were sold in the formal market.

An additional 3,213 tons of brushed potatoes were exported between June and September, as there was an oversupply of brushed potatoes in the local market, while the demand for washed potatoes was not satisfied.

FIGURE 3 **FORMAL MARKET VALUE AND TONNAGE OF POTATOES**



	2011 / 12	2012 / 13	2013 / 14	2014 / 15	2015/16
Import (tons)	13,986	13,091	17,786	19,126	19,651
Domestic (tons)	4,364	4,941	5,417	6,614	7,055
Domestic value (N$)	18,727,673	21,109,869	25,816,187	33,134,873	45,876,324
Import value (N$)	63,073,346	64,472,392	91,735,698	107,064,702	125,810,885

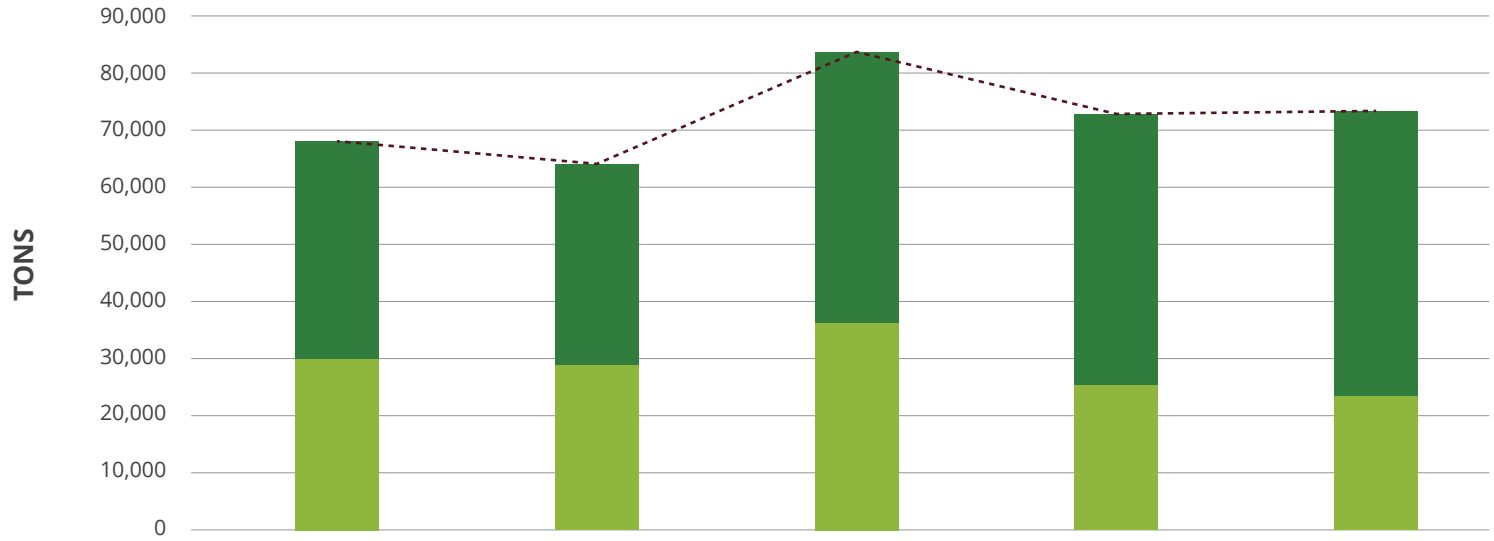
OVERALL HORTICULTURE MARKET STATISTICS

Market statistics are generated through processing of the tonnage and monetary values of horticulture trader's invoices as submitted to AMTA. The information is captured in the Agriculture Marketing Information Database (AMID) for implementation of the MSP scheme, and analysis of statistics. Statistics are not available for the informal market, and therefore only trade through the formal market is reported.

Market tonnage and value (all horticulture products)

Figure 4 reports the local formal market purchases versus imports in tonnage. During the 2015 / 2016 financial year, 49,859 tons were imported (a 7% increase compared to the previous year), and 23,579 tons were locally sourced (an 8% decrease compared to the previous period). These figures show the negative effect of the drought and heat experienced in Namibia.

FIGURE 4 **LOCAL FORMAL MARKET PURCHASES VS IMPORTS IN TONNAGE**

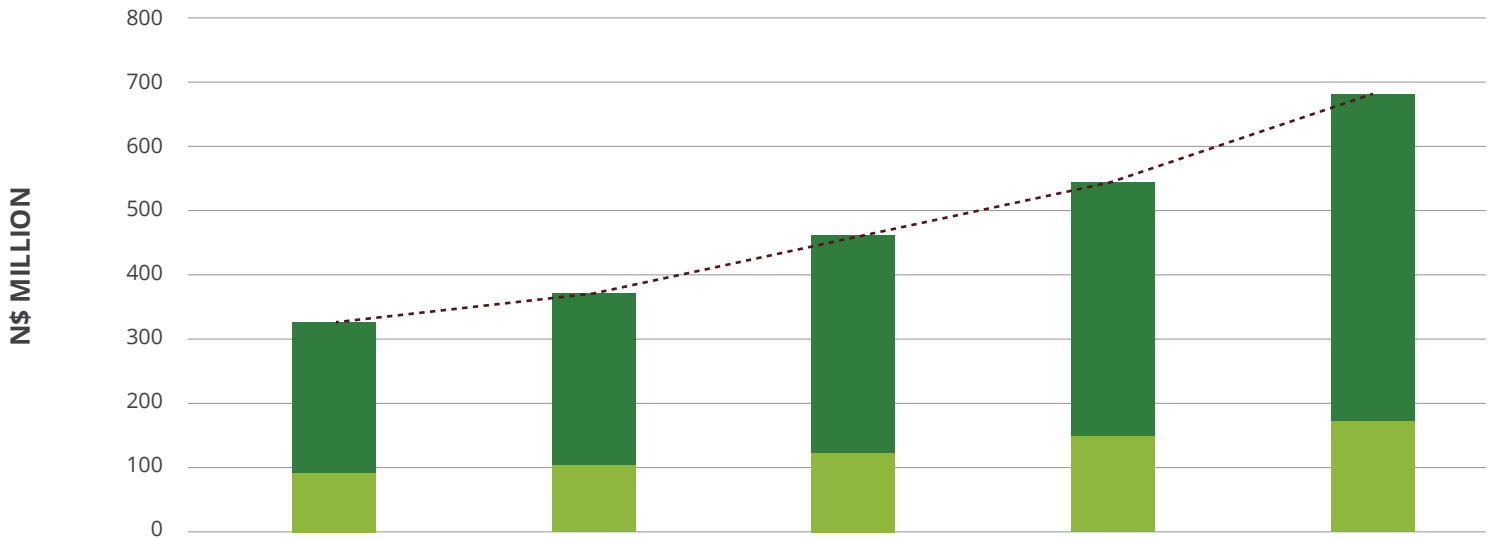


	2011 / 12	2012 / 13	2013 / 14	2014 / 15	2015 / 16
Import (tons)	38,047	34,925	47,347	46,631	49,859
Local (tons)	30,009	29,411	36,412	25,728	23,579
Total (tons)	68,056	64,336	83,759	72,359	73,439

In the 2015 / 2016 financial year, 49,859 tons were imported (a 7% increase compared to the previous period), and 23,579 tons were locally sourced (an 8% decrease compared to the previous year). These figures show the negative effect of the drought and heat experienced in Namibia.

Figure 5 reports the local formal market purchases versus imports in values. During the 2015/2016 financial year, the total value for imports was N$ 503 million (a 29% increase compared to the previous year), and local purchases were N$ 174 million (a 15% increase compared to the previous year)

FIGURE 5 **LOCAL FORMAL MARKET PURCHASES VS IMPORTS IN VALUES**

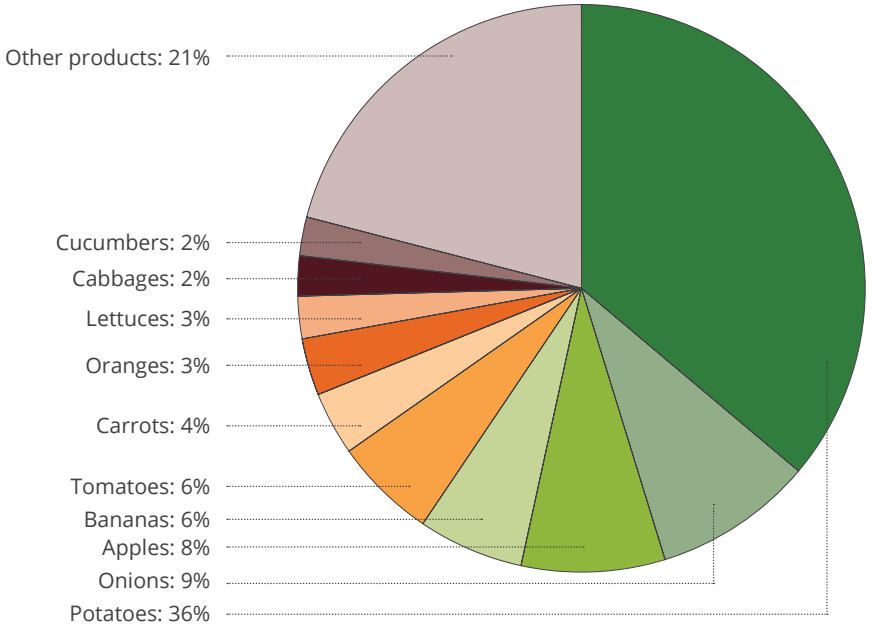


	2011 / 12	2012 / 13	2013 / 14	2014 / 15	2015 / 16
Import value (N$)	230,419,386	261,084,006	331,383,467	389,502,009	503,738,995
Local value (N$)	95,095,704	110,072,355	126,603,369	151,738,006	174,208,986
Total value (N$)	325,515,090	371,156,361	457,986,836	541,240,015	677,947,981

Top 10 horticultural fresh products

More than 120 different horticulture products are consumed in Namibia, and these are traded on the formal and informal markets. Figure 6 shows the top 10 formally traded products in tonnage, expressed as a percentage of the total formally traded tonnage. The products which are favoured most by Namibians in the formal market are potatoes (36%), onions (9%), apples (8%), tomatoes (6%), bananas (6%), carrots (4%), oranges (3%), lettuce (3%), cabbage (2%), and cucumbers (2%). In the informal market, cabbage will probably have a much higher market share than in the formal market.

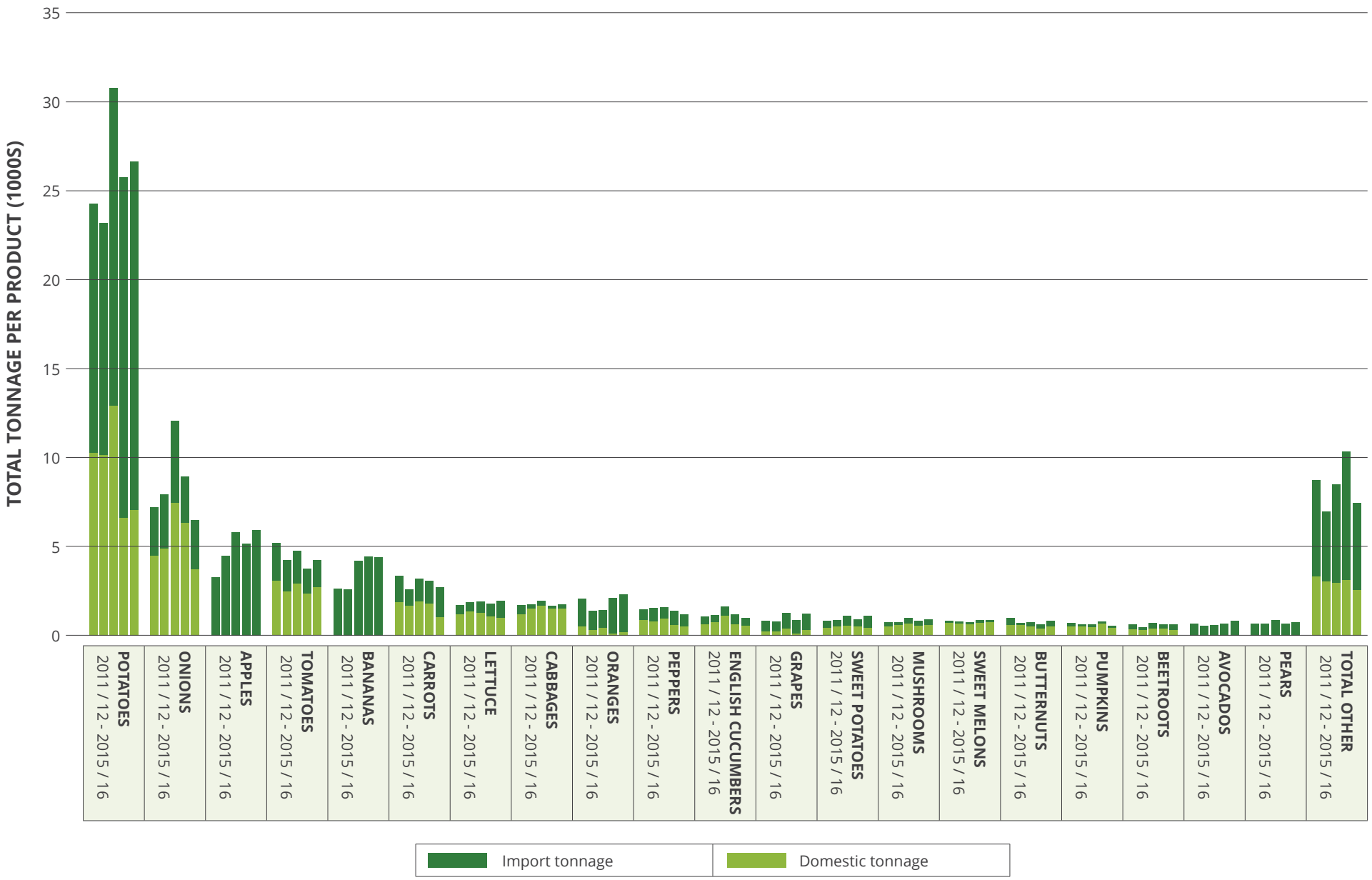
FIGURE 6 **TOP 10 FORMALLY TRADED PRODUCE, AS A PERCENTAGE OF THE TOTAL TRADED TONNAGE**



PRODUCT	DOMESTIC TONNAGE	IMPORT TONNAGE	TOTAL TONNAGE
Potatoes	7,055	19,651	26,706
Onions	3,726	2,937	6,663
Apples	0	5,889	5,889
Tomatoes	2,771	1,594	4,365
Banana	0	4,324	4,324
Carrots	963	1,683	2,646
Oranges	209	2,088	2,297
Lettuce	997	899	1,896
Cabbage	1,482	228	1,710
Cucumbers	669	787	1,456
Other	5,707	9,780	15,487
Total	**23,579**	**49,859**	**73,439**

Figure 7 shows the top 20 fresh products in tonnage (excluding exports), which were formally traded in the last five financial years (2011-2016). The graph shows the locally sourced tonnage versus imported tonnage separately. Namibia is self-sufficient in cabbage, sweet melons, sweet corn, spinach and watermelons, while most fruit such as apples, bananas, oranges, avocadoes and pears are imported.

FIGURE 7 **TOP 20 FORMALLY TRADED FRESH PRODUCE: DOMESTIC VS IMPORTED TONNAGE**



7.2 MAHANGU

On 2 April 2014, in Oshakati, organised producers and millers signed the Mahangu Price Agreement for the floor price formula of mahangu based on the production cost. The mahangu producer floor price for 2016 was set at N$4,386 per ton (N$4.39 per kg / N$79.46 per lata).

The Mahangu Price Agreement is made between organised mahangu (pearl millet) producers and organised mahangu millers, to secure an orderly marketing environment that stimulates additional production and marketing of mahangu.

The floor price is based on the production cost of mahangu per hectare and is adjusted annually by the NAB, on 1 October, with real input cost and inflation.

The production cost increased, compared to N$3,475 per ton for 2015, as the price of NPK 2:3:2 (37) ZN fertilizer increased. This constitutes approximately 13% of the total cost.

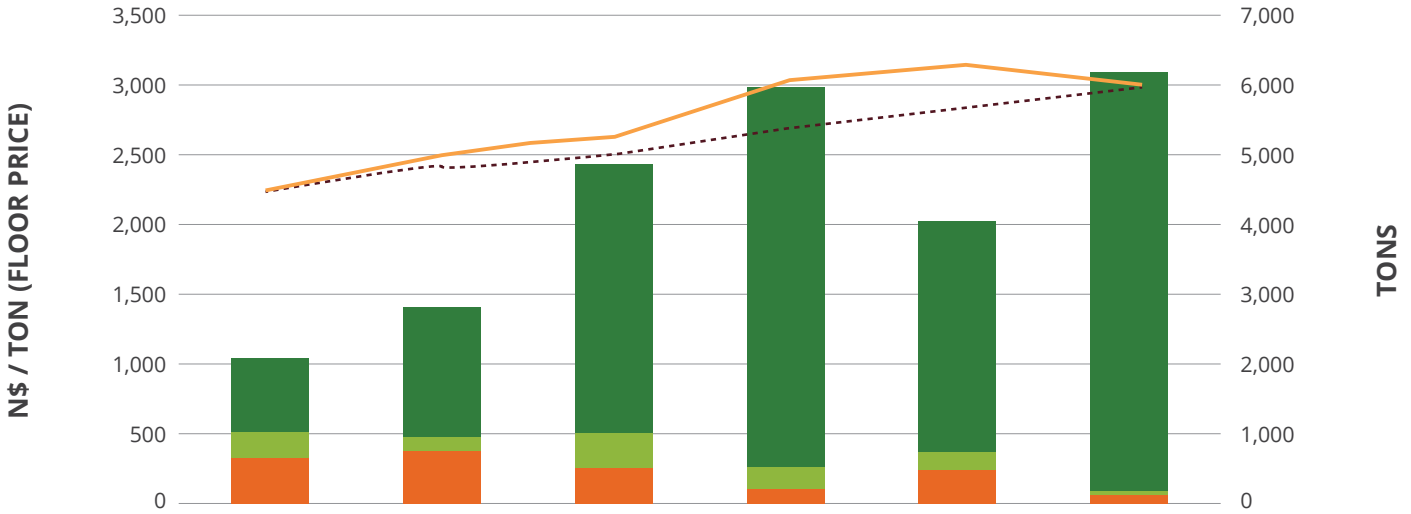
During the period under review, there was a significant increase in the quantity of mahangu imported, compared to the 2014 / 15 period. The imported tonnage increased by 54.7% compared to the previous period, as a result of the poor harvest. The table below is a summary of mahangu hectares planted, harvested and marketed locally, as well as imported mahangu.

TABLE 1	SUMMARY OF MAHANGU PLANTED, HARVESTED, IMPORTED, MARKETED LOCALLY AND PRODUCER PRICE.						
FINANCIAL YEAR	PLANTED (HA)*	ESTIMATED PRODUCTION (T)*	ACTUAL PRODUCTION (T)*	MARKETED PRODUCTION (T)**	QUANTITY BOUGHT BY MILLERS (T)**	IMPORTS (T)**	FLOOR PRICE (N$/T)
2006 / 07	194,788	58,852	44,450	825	No data available	No data available	***N$ 1,780
2007 / 08	186,197	37,279	35,512	512	No data available	No data available	***N$ 1,900
2008 / 09	257,735	37,300	37,301	507	507	2,185	***N$ 1,948
2009 / 10	264,436	35,512	73,272	996	996	3,336	***N$ 2,699
2010 / 11	270,018	41,166	41,122	1,064	422	1,034	***N$ 2,668
2011 / 12	255,456	55,945	55,921	975	233	1,860	***N$ 2,872
2012 / 13	229,449	33,038	24,695	1,040	536	3,863	***N$ 3,041
2013 / 14	254,528	No data available	44,141	532	358	5,485	N$ 3,504
2014 / 15	225,831	No data available	28,584	750	264	3,332	N$ 3,640
2015 / 16	229,655	No data available	22,278	98	37	6,096	N$ 3,475

* Information received from the Crop Prospect and Food Security Situation Report, MAWF
** NAB statistics
*** The same producer price as for white maize

The quantity of mahangu imported has increased by 54.7% compared to the import of 2014, as a result of poor harvest in the country.

FIGURE 8 **MAHANGU: FLOOR PRICE, IMPORTS AND LOCAL PROCUREMENT**



	2010 / 11	2011 / 12	2012 / 13	2013 / 14	2014 / 15	2015 / 16
Imports	1,034.0	1,860.3	3,863.0	5,485.0	3,331.9	6,096.0
Millers	422.3	232.8	536.1	357.5	263.9	36.5
NSFR	642.0	742.0	504.0	174.7	486.3	61.2
N$ Floor price / ton	2,668.00	2,872.00	3,041.00	3,504.00	3,640.00	3,475.00
N$ Floor price / ton with inflation	2,668.00	2,774.72	2,941.20	3,132.38	3,304.66	3,476.50

The National Mahangu Consultative Forum (NMCF) was held at Ekulo Secondary School, near Omuthiya, on 21 August 2015. NMCF provided a platform for stakeholders to discuss and elaborate on critical issues for improving mahangu production and marketing.

7.3 WHEAT

Wheat is a winter crop, and can only be produced under irrigation. The crop is planted at the Hardap Irrigation Scheme at Mariental, by a few irrigation farmers in the Maize Triangle, and at the Government irrigation projects next to the Okavango River. The Government irrigation projects are Musese, Sikondo, Uvungu-Vungu, Ndonga Lilena, Mashare, Shitemo, Shadikongoro and Etunda in the Omusati Region.

TABLE 2 WHEAT PRODUCED AND MARKETED IN THE 2015-16 FINANCIAL YEAR

PRODUCTION AREAS	PLANTED (HA) JUNE – JULY 2015	HARVESTED (T) OCT - DEC 2015	MARKETED (T) OCT 2015 - FEB 2016
Hardap Irrigation Project	540	5,500	4,200
Maize triangle and environs	135	784	756
North Central Areas: NCRs and Kavango Region	1,402	6,028	6,455
Total	**2,077**	**12,366**	**11,411**

TABLE 3 HECTARES PLANTED, LOCAL PRODUCTION, PRODUCER PRICES, IMPORTS, EXPORTS AND TOTAL CONSUMPTION

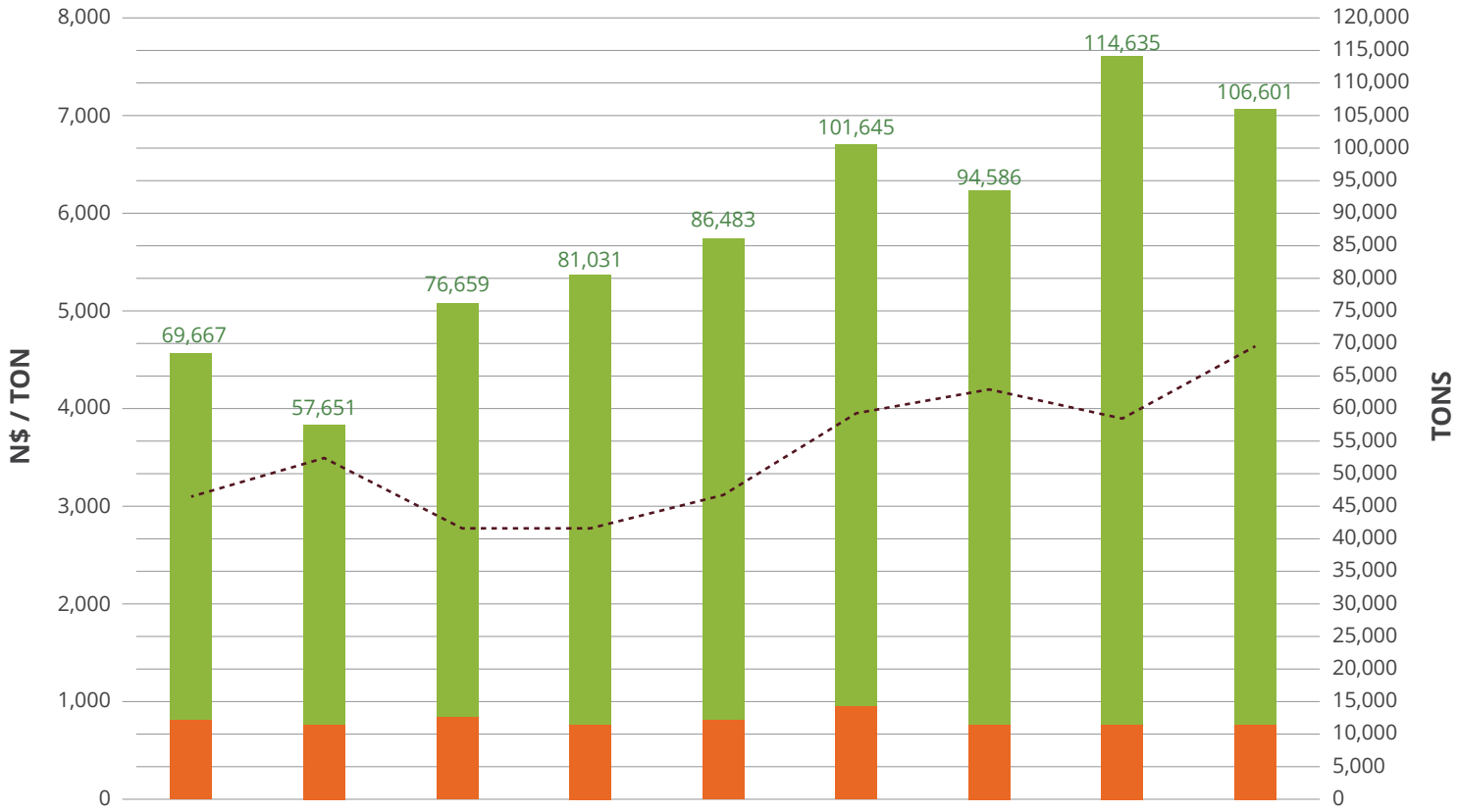
FINANCIAL YEAR	AREA PLANTED (HA)	LOCAL PRODUCTION MARKETED (T)	GRAIN IMPORTS (T)**	FLOUR EXPORTS (T)*	FLOUR EXPORTS IN EQUIVALENT OF GRAIN (T)*	NET DOMESTIC CONSUMPTION (T)	FLOOR PRICE (N$/T)
2005 / 06	2,435	12,987	73,411	3,065	2,759	83,639	1,851.00
2006 / 07	2,136	12,312	58,227	85	77	70,462	1,855.18
2007 / 08	2,369	12,163	61,665	4,623	4,161	69,667	3,065.90
2008 / 09	2,734	11,626	51,014	5,543	4,989	57,651	3,466.07
2009 / 10	1,852	12,448	64,661	500	450	76,659	2,716.35
2010 / 11	2,389	11,512	69,519	-	-	81,031	2,699.74
2011 /12	2,136	11,930	84,543	11,100	9,990	86,483	3,138.49
2012 / 13	2,314	14,819	87,726	1,000	900	101,645	3,947.95
2013 / 14	2,198	11,312	85,257	2,644	1,983	94,586	4,197.02
2014 / 15	2,032	11,600	103,035	0	0	114,635	3,923.11
2015 / 16	2,077	11,411	95,190	0	0	106,601	4,624.84

* Wheaten flour exported: Exported tonnage of flour = approximately 25% to equal tonnage of un-milled grain for the calculation of a realistic total consumption
** Import/export information (volumes) based on border receipts and permits issued. Imports via Walvis Bay only based on permits issued.

12,366 tons of wheat were harvested in October and November.

11,411 tons were marketed to millers, and 95,190 tons of wheat were imported.

FIGURE 9 **WHEAT: LOCAL PRODUCTION, GRAIN IMPORTS AND EXPORTS, DOMESTIC CONSUMPTION AND GRAIN PRICE**



	2007 / 08	2008 / 09	2009 / 10	2010 / 11	2011 / 12	2012 / 13	2013 / 14	2014 / 15	2015 / 16
Import (-) Export (tons)	57,504	46,025	64,211	69,519	74,553	86,826	83,274	103,035	95,190
Local production (tons)	12,163	11,626	12,448	11,512	11,512	14,819	11,312	11,600	11,411
text Domestic consumption (tons)	69,667	57,651	76,659	81,031	81,031	101,645	94,586	114,635	106,601
N$ Reference price	3,065.90	3,466.70	2,716.35	2,699.74	3,138.49	3,947.95	4,197.02	3,923.11	4,624.84

THE WHEAT MARKETING AGREEMENT OUTLINED THE WHEAT PRICE CALCULATIONS AS FOLLOWS:

Formula A:

30% of the Safex 5-year average (adjusted with inflation) of the actual Safex spot price, plus the transport differential from Upington to Windhoek and 70% of the five-year average Hard Red Winter (HRW) import parity price (adjusted with inflation) from the United States and the ZAR / USD exchange rate, plus the transport via Walvis Bay landed in Windhoek.

Formula B:

30% of the average of the actual Safex spot price for October, plus the transport differential from Upington to Windhoek (as set out in formula A above) and 70% of the average HRW import parity price from the US and the ZAR / USD exchange for October, plus the transport via Walvis Bay landed in Windhoek (as set out in formula B above).

Whichever is highest of:

- The SAFEX 5-year average or the average of the October Safex spot price

or

- 30% import parity ex South Africa and 70% import parity via Walvis Bay, landed in Windhoek

will be the fixed price for the marketing period, as from 1 November until 31 January the following year.

These calculations were made with applicable quality adjustment and the differential between FOB and CIF, whilst the full SACU tariff of N$ 1,224.31 was applied. The 2015 wheat price was calculated on the Safex October average of N$ 4,624.84/ton which was higher as the Safex 5-year average of N$ 4,352.16 / ton.

Namibia, like the rest of Central and Southern Africa, produces white maize for human consumption. Corn (yellow maize) is produced for cattle feed.

White maize, as one of Namibian staple food grains, is produced under dry-land and irrigation.

Although local white maize production shows a gradual increase during normal rain-fed circumstances, Namibia remains a net grain importer.

WHITE MAIZE 7.4

TABLE 4 WHITE MAIZE PLANTED BETWEEN NOVEMBER 2014 AND JANUARY 2015 AND THE HARVEST OF THOSE PLANTINGS MARKETED AS FROM MAY TO AUGUST / SEPTEMBER 2015 IN THE MAIN MARKETING SEASON

PRODUCTION AREAS	DRY-LAND		IRRIGATION		TOTAL VOLUME MARKETED (T)
	Planted (ha) Nov 2014 - Jan 2015	Harvested (t) May 2015 - Nov 2015	Planted (ha) Nov 2014 - Jan 2015	Harvested (t) May 2014 - Nov 2015	
Zambezi Region	No accurate info available	464	0	0	464
Central and eastern areas	1,946	821	98	795	1,616
Hardap Irrigation and environs	0	0	887	8,544	8,544
Kavango Region	No accurate info available	0	1,695	13,560	13,560
Maize Triangle and environs	8,505	4,815	742	7,481	12,296
Omusati Region and environs	0	-	582	2,420	2,420
Total	**10,451**	**6,100**	**4,004**	**32,800**	**38,900**

The total area planted under irrigation and under dry-land production was 10,451 ha, from which, due to the drought, only 38,900 tons were harvested by the 598 registered producers which included small-scale farmers in the Zambezi Region. The total harvest was sold to the 18 local maize millers.

TABLE 5 WHITE MAIZE: TOTAL HECTARES PLANTED AND TOTAL VOLUMES MARKETED

MAIN HARVEST: 2015	DRY-LAND	IRRIGATION	TOTAL
Total hectares **planted**: November 2014 - January 2015	10,451	4,004	**14,455**
Total volumes **marketed**: May 2015 - November 2015 (tons)	6,100	32,800	**38,900**

Note: *The white maize production and marketing season does not coincide with the NAB financial year, nor with the reporting period of this report. Although the above harvest resulted from the 2013 / 14 plantings,* ***the hectares indicated above, were reported in the previous Annual Report****.*

TABLE 6 FINANCIAL YEAR (1 APRIL 2016 - 31 MARCH 2016): WHITE MAIZE PRODUCTION (FROM PREVIOUS YEAR'S PLANTINGS) WITHIN THE REPORTING PERIOD

FINANCIAL YEAR: 1 APRIL 2015 – 31 MARCH 2016	DRY-LAND	IRRIGATION	TOTAL
Hectares planted: 1 April 2015 to 31 March 2016 (excluded dry-land small-scale plantings in the Zambezi)	5,111	4,676	**9,787**
Marketed production : 1 April 2015 - 31 March 2016 (including small-scale harvests in the Zambezi) (t)	6,100	32,800	**38,900**

Note: *The above hectares, planted between November 2015 to January 2015, will result in the harvest that will be marketed and reported on* ***in the next financial year and Annual Report.***

TABLE 7 HISTORIC HECTARES PLANTED FOR THE MAIN HARVESTING (CLOSED-BORDER) PERIOD & SECOND HARVEST PER REPORTING PERIOD

WHITE MAIZE: HECTARES PLANTED FROM NOV/DEC UNTIL JAN/FEB THE NEXT YEAR				
FINANCIAL YEAR	**DRY-LAND**	**IRRIGATION**	**IRRIGATION**	**TOTAL AREA PLANTED (HA)**
(1 April to 31 March the following year)	**Main harvest: (ha) ***	**Main harvest: (ha)**	**Second harvest of previous year: (ha)**	
2005 / 06	8,223	3,699	660	**12,582**
2006 / 07	8,664	3,867	815	**13,346**
2007 / 08	8,750	2,981	337	**12,068**
2008 / 09	7,476	3,708	116	**11,300**
2009 / 10	9,697	3,190	139	**12,500**
2010 / 11	11,139	4,656	45	**15,840**
2011 / 12	9,914	3,981	-	**13,895**
2012 / 13	10,275	3,881	154	**14,310**
2013 / 14	9,374	4,421	222	**14,017**
2014 / 15	8,209	4,168	251	**12,628**
2015 / 16	10,451	4,004	0	**14,455**

* Excludes hectares planted on small-scale farms in the Zambezi Region.

TABLE 8 HISTORIC MARKETED PRODUCTION WITHIN THE FINANCIAL YEAR: CLOSED-BORDER & SECOND HARVESTING PERIODS

WHITE MAIZE MARKETED (T): HARVESTED AND MARKETED FROM MAY UNTIL AUGUST 2013				
FINANCIAL YEAR	DRY-LAND	IRRIGATION	IRRIGATION	TOTAL MARKETED (t)
(1 April to 31 March the following year)	Main harvest (t) *	Main harvest (t)	Second harvest of previous year (t)	
2005 / 06	16,622	22,601	5,14,2	**44,365**
2006 / 07	24,931	23,619	4,746	**53,296**
2007 / 08	14,530	27,605	2,507	**44,642**
2008 / 09	22,954 **	25,883	1,651	**51,832 ****
2009 / 10	23,728	24,103	1,735	**49,566**
2010 / 11	20,045	27,414	502	**47,961**
2011 / 12	36,528	26,700	225	**63,228**
2012 / 13	36,725	35,712	-	**72,438**
2013 / 14	5,474	33,553	1,556	**40,583**
2014 / 15	36,244	35,201	2,012	**73,457**
2015 / 16	6,100	32,800	0	**38,900**

* Includes production of the small-scale farmers in the Zambezi Region
** Includes 1,344 tons of WM harvested and exported (not marketed locally)

Depending on rainfall, local maize may become available from 1 May each year. The marketing season therefore commences on 1 May and concludes only when the local harvest is bought and partially milled. This year's poor rainfall resulted in a dry-land production of 0.49 tons per hectare and a total harvest (dry-land plus irrigation) of 38,900 tons. Although the borders remained open for imports during the marketing period, local millers still had to exercise their obligation to buy the local harvest.

The white maize price is usually based on a Safex 5-year average (inflation adjusted) with a transport differential calculated ex Bloemhof, landed either at a location south or north of Otjiwarongo. As from the middle of May 2015, the Safex price increased to such an extent that it was approximately N$ 200 per ton higher than the 5-year average. The alternative price formula then became applicable. The basis for this formula is the Safex fortnight weighted average (spot price) of the previous two weeks with the transport differential calculated ex Douglas, landed either at a location south or north of Otjiwarongo.

On 19 May 2015, the maize price was N$ 3,778.70 per ton, landed at Otjiwarongo and northwards (Otavi) and N$,3 664.79 per ton landed south of Otjiwarongo (Windhoek). At the end of the marketing period, on 10 August 2015, the maize price was N$ 4,188.80 per ton landed north of Otjiwarongo (Otavi) and N$ 4,075.80 per ton, landed south of Otjiwarongo (Windhoek).

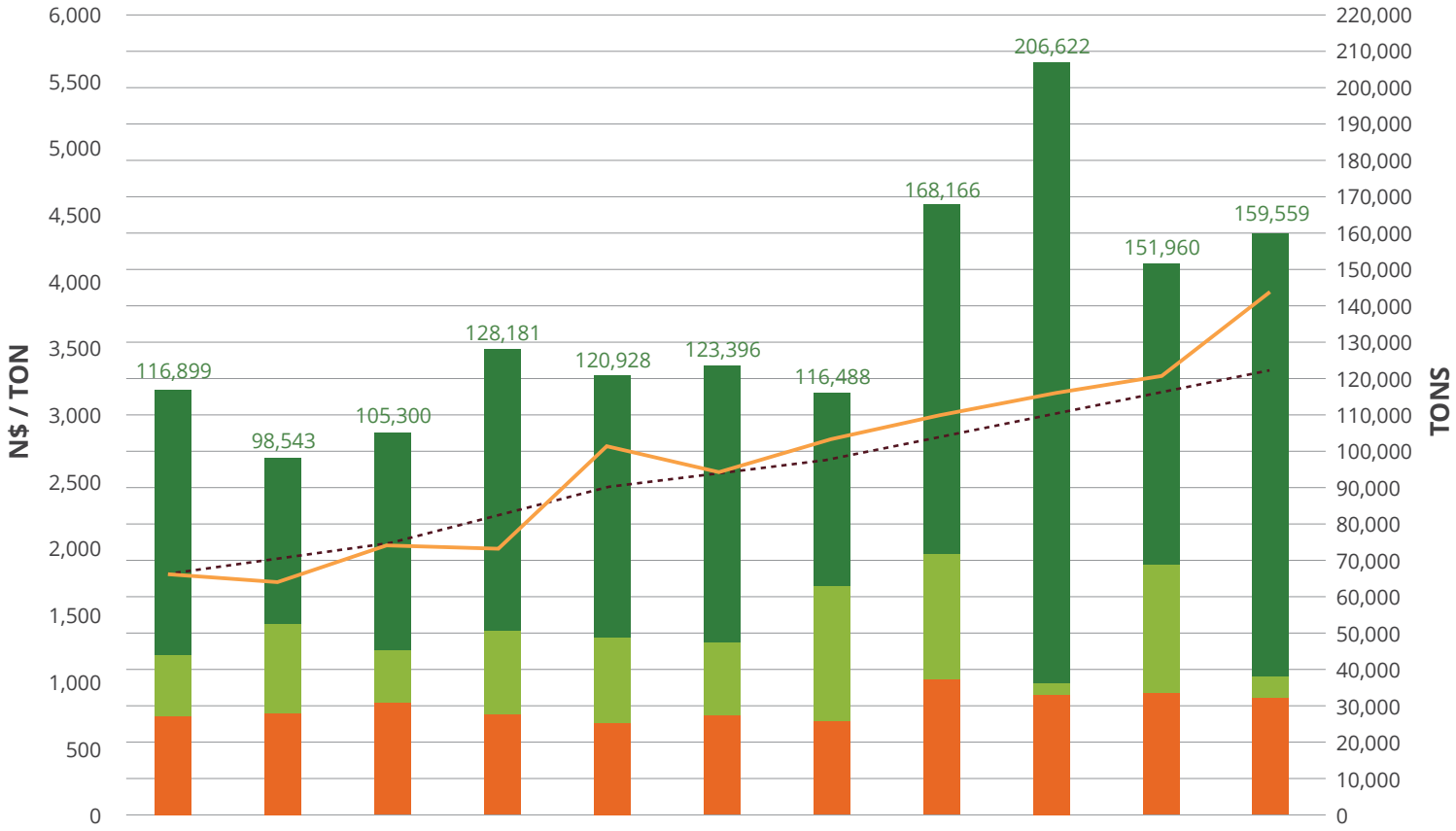
TABLE 9 LOCAL PRODUCTION, IMPORTS, EXPORTS, LOCAL CONSUMPTION AND PRICES WITHIN THE FINANCIAL YEAR

FINANCIAL YEAR	MARKETED PRODUCTION (t)	GRAIN IMPORTS (t)	GRAIN EXPORTS (t)	MEAL EXPORTS (t)*	MEAL EXPORTS: EQUIVALENT OF GRAIN (t)*	DOMESTIC CONSUMPTION (t)	FLOOR PRICES (N$/t) **
2005 / 06	44,365	76,534	4,000	*0*	0	116,899	1,824.00
2006 / 07	53,296	48,247	3,000	*0*	0	98,543	1,760.00
2007 / 08	46,008	60,141	300	*610*	549	105,300	2,006.16
2008 / 09	51,188	111,714	3,150	*35,078*	31,571	128,181	2,030.93
2009 / 10	49,566	83,903	230	*13,678*	12,311	120,928	2,780.49
2010 / 11	47,964	81,111	0	*6,309*	5,679	123,393	2,614.00
2011 / 12	63,228	55,305	72	*2,192*	1,973	116,488	2,831.37
2012 / 13	72,436	105,742	0	*11,124*	10,012	168,166	2,998.00
2013 / 14	36,694	170,234	0	*340*	306	206,622	3,169.00
2014 / 15	69,433	82,527	0	*0*	0	151,960	3,302.00
2015 / 16	38,900	120,659	0	*0*	0	159,559	*** 3,948.00

* Maize meal exported: Exported meal tonnage approximately 10% less than un-milled grain, to conclude a realistic total consumption.
** Prices: Delivered to a mill north of Otjiwarongo.
*** Average of the first fortnight price on 19 May and the last fortnight price on 10 August 2015.

At the end of the marketing period, in August 2015, the maize price was N$ 4,188.80 per ton landed north of Otjiwarongo and N$ 4,075.80 per ton, landed south of Otjiwarongo.

FIGURE 10 MAIZE: LOCAL PRODUCTION, GRAIN IMPORTS AND EXPORTS, DOMESTIC CONSUMPTION AND PRICE



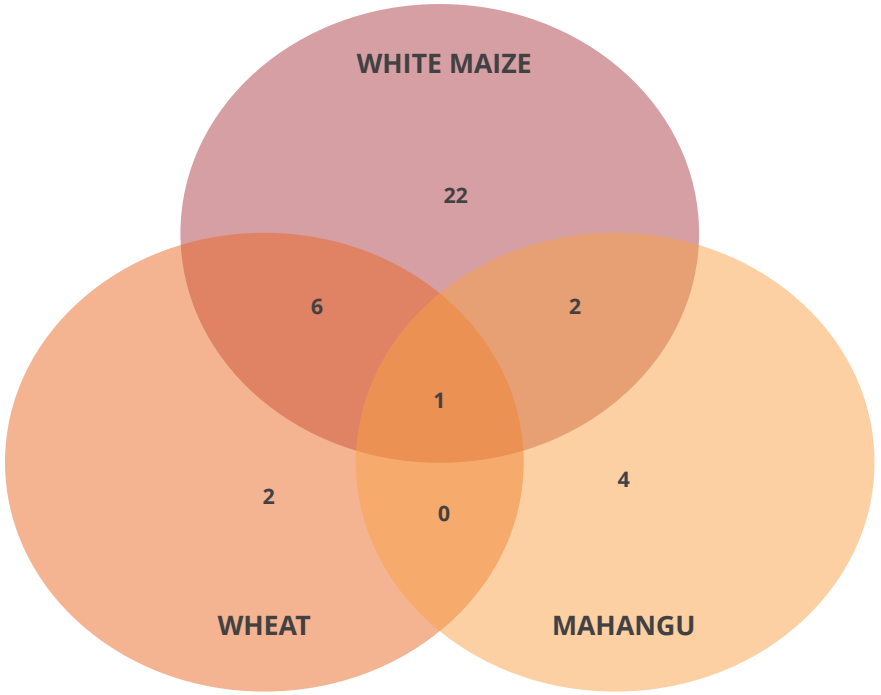
	2005 / 06	2006 / 07	2007 / 08	2008 / 09	2009 / 10	2010 / 11	2011 / 12	2012 / 13	2013 / 14	2014 / 15	2015 / 16
Imports (-) Exports (tons)	72,534	45,247	59,292	76,993	71,362	75,432	53,260	95,730	169,928	82,527	120,659
Dry-land production (tons)	16,622	24,931	14,530	22,954	23,728	20,045	36,528	34,505	3,141	35,308	6,100
Irrigation production (tons)	27,743	28,365	31,478	28,234	25,838	27,919	26,700	37,931	33,553	34,125	32,800
text Domestic consumption (tons)	116,899	98,543	105,300	128,181	120,928	123,396	116,488	168,166	206,622	151,960	159,559
N$ Reference price	1,824.00	1,760.00	2,006.16	2,030.93	2,780.49	2,614.00	2,831.37	2,998.00	3,169.00	3,302.00	3,948.00
N$ Reference price (infation adjusted with CPI)	1,824.00	1,918.85	2,047.41	2,258.29	2,457.02	2,550.39	2,652.41	2,811.55	2,994.30	3,158.99	3,323.26

08

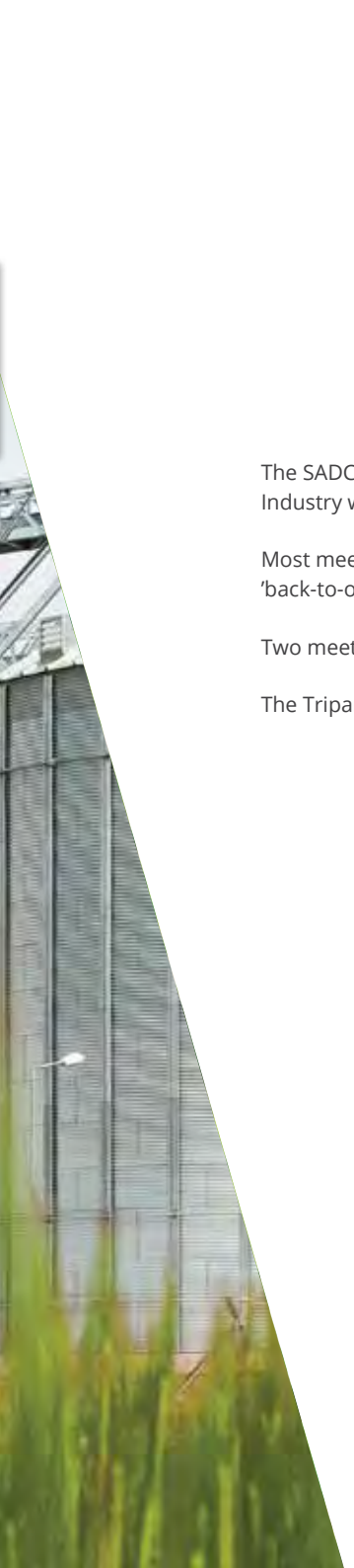
namibian processors

NAMIBIAN PROCESSORS

A total number of 28 processors were registered with the NAB, and actively milling. Twenty-two of those mill only white maize, four mill only mahangu, and two mill wheat only. Six mill white maize as well as wheat, two mill mahangu as well as white maize, and one mills white maize, wheat as well as mahangu.



09 international, regional & domestic trade relations



INTERNATIONAL TRADE 9.1

The SADC – EPA negotiations dominated the time of the Agricultural Trade Forum (ATF). NAB works in close conjunction with ATF. Dr Malan Lindeque of the Ministry of Trade and Industry was instrumental in facilitating the meetings.

Most meetings of the SACU – EFTA (European Free Trade Area), SACU – India, SACU – TIDCA (Industry and Development Coordination Agreement with the USA) were attended, and 'back-to-office reports' and personal consultations were given to interested parties on all meetings.

Two meetings of the WTO Sanitary and Phytosanitary Measures (SPS) Committee were attended. NAB also attended meetings of the SADC SPS Committee.

The Tripartite Free Trade Agreement meetings (SADC, COMESA and EAC) were attended where finances allowed.

DOMESTIC TRADE 9.2

A good working relationship was implemented and maintained with the Ministry of Agriculture, Water and Forestry, and the Ministry of Trade and Industry.

Contact was made with the Representatives of the European Commission, the Embassies of other EU Member States, the Embassy of the United States of America, the High Commission of Great Britain, and the Embassies of Norway and Switzerland.

Meetings related to all agricultural trade in Namibia were attended, and feedback was given to all stakeholders concerning agronomic matters. In addition to grain and agronomic industry development, with inputs from the ATF, these meetings also covered matters related to livestock and meat, and poultry and dairy.

The ATF also held three public dialogues, that are were well attended by the general public. These dialogues were made possible with financial support from the Friedrich Ebert Stiftung in Windhoek.

10

outreach, pr & awards

OUTREACH AND PUBLIC RELATIONS 10.1

Outreach to producers, millers, traders and other stakeholders is one of the pillars on which NAB makes a meaningful contribution to development of commercial agronomy in Namibia.

By drawing on its strong relationships with the industry, NAB is able to provide sound reporting and counsel to those who formulate policy, particularly MAWF.

To effectively report to policy makers and regulate the agronomic industry, NAB conducts ongoing and regular visits across the country to speak to Area Committees, face-to-face. The requirement for face-to-face meetings was identified by the Area Committees as the most effective means to communicate.

NAB maintains friendly relationships that are inclusive and representative for all in the formal agronomic industry. Where needed, meetings are assisted by translators. NAB also engages with industry bodies and has established expert advisory committees to assist it. The full list of stakeholders and committees can be seen on page 13.

On the basis of its understanding of the industry, and its marketing environment, NAB acts as a regulatory body, and establishes pricing, regulates marketing channel, exports. Imports are regulated through border closure periods, and import permits issued on behalf of NAB by AMTA. Implementation of all regulatory aspects is subject to the approval of MAWF.

At the same time, NAB also informs producers, millers and traders of policy, pricing and regulations, to assist them in effective functioning in the industry environment. In addition to its outreach activities in 2015 / 16, major award events were used to develop knowledge for producers and traders on various aspects of production and marketing of controlled crops. This was achieved by inviting expert guest speakers to address NAB events. In 2015 / 16, NAB's horticultural division adopted the theme of soil, in line with the UN Food and Agriculture Organisation's theme, 'The International Year of Soils'.

General awareness of the activities and roles of NAB was fostered with information provided to the press on various activities of the Board, particularly NAB awards.

Due to limited commercial marketing of mahangu as a result of the drought, the mahangu and dry land maize awards were cancelled in 2015 / 16. These are expected to resume once the drought has lifted, and mahangu volumes can significantly support commercial milling once more.

The NAB horticultural function successfully pioneered an email newsletter mechanism, running parallel to the website, to inform and augment awareness of producers and stakeholders of events, and production and marketing aspects, that are relevant to them, using email as a direct medium.

NAB uses multiple communication platforms to reach stakeholders. In addition to the various face-to-face meetings, it employs an email newsletter, SMS messaging and its website.

10.2 AWARDS

Master Agronomist Award

The Master Agronomist Award is given annually to a producer who shows a holistic approach to improving his white maize crop, and is evaluated on various aspects such as financial management, staff management and the optimal use of fertilisers to improve the soil.

The award was won by Hendrik Kleynhans of the Sikondo Irrigation Project in the Kavango region. Kleynhans claimed the title for his prowess in cultivating white maize under irrigation.

The Master Agronomist Award was won by Hendrik Kleynhans of the Sikondo Irrigation Project in the Kavango Region.

National Horticulture Day

National Horticulture Day 2015 was celebrated at Noordoewer. The theme of the day was **'Soil – building a productive, food secure Namibia from the ground up'**, in keeping with the UN Food and Agriculture Organization theme for 2015, 'International Year of Soils'.

Drought impact on awards

Due to the drought and its impact on productivity, the Dry-land Champion Maize Farmer Award and the Mahangu Champions Award were cancelled.

National Horticulture Day - Farmer and Trader Awards

Albert van Der Merwe of Farm Sonop at Noordoewer won the Large-Scale Farming Category at the National Horticulture Day 2015. Sonop produces tomatoes, butternuts, green peppers for the Namibian and South African markets, and table grapes for export. Sikondo Irrigation was the runner-up in the large-scale category. The Medium Scale Farming category was won by Jimmy O'Kennedy of Patria at Stampriet, and the runner-up in this category was Thomas Negonga. The Emerging Farmer category was won by Shetuka Shetuka who farms at Olusandja. The runner-up was Bartholomeus Muyenga from Rundu.

The Trader Awards recognise those traders who exceed their Market Share Promotion (MSP) quotas for fruit and vegetables sourced locally. Winners are calculated according to traders' statistics compiled by AMTA. Spar Group won the award in the Mega category, and the runner-up was Woerman Brock Inland. The Very Large category was won by The Market Place. Nabeel Fresh Produce was the runner-up. The Large category was won by Kavango Supermarket. //Kharas Fruit and Veg was the runner-up. Brenners Fruit and Veg won the award in the Medium category, and the runner-up was Oceano Atlantic Trading. The Small-Scale category was won by Kuiseb Fresh Produce. Fonteine Trading was the runner-up.

Winners of the National Horticulture Day farming awards. ***FLTR:*** *Jimmy O'Kennedy (medium scale winner) Hansina Christian (Special Advisor to the Governor of the //Kharas Region), Albert van der Merwe (large-scale winner), Sirkka Iileka (NAB Chairperson) Shetuka Shetuka (emerging category winner) and Michael Iyambo (National Horticulture Task Team Chairperson)* ***Back:*** *Christof Brock (CEO of NAB) and Cllr Paulus Efraim.*

11 report of the auditor general

Republic of Namibia

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE NAMIBIAN AGRONOMIC BOARD FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

TO THE HONORABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Namibian Agronomic Board for the financial year ended 31 March 2016, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

WINDHOEK, FEBRUARY 2017

11.1 REPORT ON THE FINANCIAL STATEMENTS

The accounts of the Namibia Agronomic Board (herein after referred to as the "Board" as per the Act) for the year ended 31 March 2016 are being presented to the National Assembly in accordance with the Agronomic Industry Act 20, 1992 (Act 21 of 2000).

The firm Strategis Chartered Accountants of Windhoek has been appointed in terms of Section 26(2) of the State Finance Act, 1991, to audit the accounts of the Board on behalf of the Auditor-General and under his supervision.

Figures in the report are rounded off to the nearest Namibia Dollar. Deficits are indicated in brackets.

I certify that I have audited the accompanying financial statements of the Namibian Agronomic Board for the year ended 31 March 2016.
These financial statements comprise the following:

- Annexure A: Balance Sheet;
- Annexure B: Income Statement; and
- Annexure C: Notes to the Annual Financial Statements.

The financial statements were submitted by the Accounting Officer to the Auditor-General in compliance with Section 26 of the State Owned Enterprise Governance Act, 2006 except that they were only submitted on 19 October 2016 instead of three months (3 months) after the year end as required by the Act.

11.2 MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Practices, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY 11.3

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with International Standards on Auditing. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

POWERS AND DUTIES

Section 25(1) (c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

(a) All reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;

(b) All reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and

(c) The expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1) (b)(iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the unqualified audit opinion.

11.4 ACKNOWLEDGEMENT

The assistance and co-operation given by the staff of the Board during the audit is appreciated.

11.5 UNQUALIFIED AUDIT OPINION

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Namibian Agronomic Board, and their financial performance and cash flows for the year then ended in accordance with the State Finance Act, 1991.

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

WINDHOEK, FEBRUARY 2017

ANNEXURE A

NAMIBIAN AGRONOMIC BOARD STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

	Note	2016 N$	2015 N$
ASSETS			
Non-current assets		**37 173 791**	**50 911 516**
Property, plant and equipment	2	5 061 773	5 133 534
Investments	3	32 112 018	45 777 982
Current assets		**111 251 445**	**18 208 525**
Trade and other receivables	4	109 359 462	16 488 864
Cash and cash equivalents	5	1 891 983	1 719 661
TOTAL ASSETS		**148 425 236**	**69 120 041**
FUNDS AND LIABILITIES			
Funds and reserves		**53 462 367**	**58 727 347**
General Fund	6	52 445 420	57 710 400
General Administration Fund	7	1 003 148	1 003 148
Commodity Reserve Fund	8	13 799	13 799
Shares Agricultural Board's Building	9	4 621 290	4 621 290
Current liabilities			
Trade and other payables	10	90 341 579	5 771 404
TOTAL FUNDS AND LIABILITIES		**148 425 236**	**69 120 041**

ANNEXURE B

NAMIBIAN AGRONOMIC BOARD STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 N$	2015 N$
INCOME			
Permits issued		-	445 852
Processors registration		195 770	158 138
Inspection fees on in transit and export trucks		4 174 068	4 060 440
General producer's levy – White Maize & Mahangu		**-**	**2 003 924**
Levied		-	3 187 977
Less: Agronomic producers' association		-	(1 184 053)
General producers' levy – Wheat		**-**	**370 454**
Levied		-	592 741
Less: Agronomic producers' association		-	(222 287)
Processors levy – White Maize & Mahangu		**-**	**3 055 298**
Processors' levy on local production		-	1 837 022
Processors' levy on grain imported		-	1 465 817
Less: Grain processors association		-	(247 541)
Processors levy – Wheat		**-**	**3 138 137**
Local		-	401 937
Import		-	2 969 969
Less: Grain processors association		-	(233 769)
Horticulture Levies		**-**	**5 546 567**
Levied		-	2 336 998
Levies to Traders Association		-	(114 490)
Levies to Area Committees		-	(1 036 277)
Levies on imports		-	4 360 336

ANNEXURE B

NAMIBIAN AGRONOMIC BOARD STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

(continued)

	Note	2016 N$	2015 N$
Levies & Fee collected by AMTA		**88 915 809**	**14 197 450**
Permits issued		633 787	35 666
Producers levy – WM/Mahangu		2 036 097	88 991
Processors levy – WM/Mahangu (local)		2 346 099	72 838
Processors levy – WM/Mahangu (Imports)		29 226 512	3 887 866
Producers levy – Wheat		593 236	28 921
Processor levy - Wheat (local)		593 641	19 482
Processor levy – Wheat (Import)		18 816 346	2 528 966
Levies on local production		3 181 615	564 577
Less: Levy by traders (commission) – horticulture		(350 900)	(157 715)
Levies on imports – horticulture		22 388 711	5 124 135
Selling levy – horticulture		9 450 665	2 003 723
Interest received		2 599 241	3 098 168
NGPA, ATF and other accounting and administration fees		503 853	1 005 555
MAWF project support services fees and other		-	976 778
Profit on sale of equipment		9 593	-
Other income		18 493	-
INCOME		96 416 827	38 056 761
EXPENSES – Per attached schedule		101 681 807	20 032 342
NET (DEFICIT)/SURPLUS FOR THE YEAR		**(5 264 980)**	**18 024 419**

ANNEXURE B

NAMIBIAN AGRONOMIC BOARD STATEMENT OF COMPREHENSIVE INCOME – SCHEDULE OF EXPENSES FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 N$	2015 N$
Advertising		31 290	21 264
Assets transferred to AMTA		48 391	156 694
Auditors remuneration – External		55 830	89 423
Bank charges		43 801	93 320
Board fees		3 202 973	3 417 923
Border control		637 036	2 063 464
Chartered Accountant- Financial Management committee		21 011	12 825
Contribution to National Disaster (Drought relief)		-	8 016
Cost of information centre		94 573	113 151
Depreciation – equipment		70 680	103 903
Depreciation – furniture		5 320	15 671
Depreciation – motor vehicles		119 097	119 097
Farmer day		-	160 562
Foreign trade negotiations		217 608	322 788
Insurance		42 052	59 402
Levy collection by trade		-	633 360
Liaison		3 390	5 725
Loss on sale of fixed assets		-	376
Motor vehicles expenses		48 913	77 946
Personnel remuneration		5 468 485	8 802 834
Postal and freight		11 059	53 171
Professional services and legal costs		897 934	156 682
Promotions		27 983	26 222
Public relations services		286 225	248 777
Refreshments		30 465	47 378
Rent paid		797 684	579 419
Repairs and maintenance – Computer equipment		141 572	144 445
Repairs and maintenance – Horticulture database		-	187 350

ANNEXURE B

NAMIBIAN AGRONOMIC BOARD
STATEMENT OF COMPREHENSIVE INCOME – SCHEDULE OF EXPENSES
FOR THE YEAR ENDED 31 MARCH 2016

(continued)

	Note	2016 N$	2015 N$
Special functions		687 841	631 062
Staff – Subsistence and travel		152 589	898 444
Stationary and printing (Including annual report)		141 250	357 736
Strategic planning		125 648	165 677
Subscriptions		6 871	10 559
Team building		26 684	76 737
Telephone and fax		60 602	87 305
Training and personnel development		75 220	77 590
Web development and maintenance of website		42 005	6 047
Agents levies		88 059 726	-
Total expenses		**101 681 807**	**20 032 345**

ANNEXURE C

NAMIBIAN AGRONOMIC BOARD NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH 2016

1 ACCOUNTING POLICIES

1.1 INTRODUCTION

The annual financial statements set out in Annexures A to B were prepared on the historical cost basis, and incorporate the following principal accounting policies, which are consistent in all material aspects with those applied in the previous year.

1.2 REVENUE RECOGNITION

Revenue comprises grants received from the Government of the Republic of Namibia and from other sources to defray costs necessarily incurred by the Namibian Agronomic Board as well as levies and fees collected in terms of the Agricultural Bank of Namibia Act 2003.

1.3 INVESTMENTS

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investments.

1.4 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are initially recorded at cost and adjusted for any impairment in value.

Impairment losses and reversal of impairment losses are recognised in the income statement.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

- Motor vehicles	4 years
- Furniture and fittings	5 years
- Office equipment	3 years

1.5 PROVISIONS

Provisions are recognised when the Board has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

1.6 GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis relative to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to the deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

PROPERTY, PLANT AND EQUIPMENT 2

	2016			2015		
	COST N$	ACCUMULATED DEPRECIATION N$	CARRYING VALUE N$	COST N$	ACCUMULATED DEPRECIATION N$	CARRYING VALUE N$
Land & Building	4 623 000	-	4 623 000	4 623 000	-	4 623 000
Motor Vehicles	501 090	(262 895)	238 195	501 090	(143 798)	357 291
Furniture	132 883	(119 193)	13 690	167 003	(141 311)	25 692
Equipment	667 728	(480 841)	186 888	741 469	(613 918)	127 551
	5 924 701	**(862 929)**	**5 061 773**	**6 032 562**	**(899 027)**	**5 133 534**

The carrying amounts of property, plant and equipment can be reconciled as follows:

	CARRYING VALUE BEGINNING OF YEAR	ADDITIONS	DISPOSALS	DEPRECIATION	CARRYING VALUE END OF YEAR
2016					
Land & Building	4 632 000	-	-	-	4 632 000
Motor Vehicles	357 291	-	-	(119 097)	238 195
Furniture	25 692	8 265	(14 947)	(5 320)	13 690
Equipment	127 551	163 488	(33 472)	(70 680)	186 888
	5 133 534	**171 753**	**(48 419)**	**(195 097)**	**5 061 773**
2015					
Land & Building	1 219 623	3 403 377	-	-	4 623 000
Motor Vehicles	1 156 391	476 388	(1 156 390)	(119 097)	357 291
Furniture	69 147	19 140	(46 924)	(15 671)	25 692
Equipment	190 211	96 031	(54 788)	(103 903)	127 551
	2 635 372	**3 994 936**	**(1 258 102)**	**(238 671)**	**5 133 534**

Details of Properties
Erf no 744 and 749, Windhoek
The property consists of Erf 744, Windhoek, and measures 4,205 square meters and ERF 749, Windhoek measuring 1,854 square meters of which the Namibian Agronomic Board owns 10% of the two properties.

ANNEXURE C

NAMIBIAN AGRONOMIC BOARD NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH 2016

3 INVESTMENTS

At the period –end the amounts invested in terms of Section 14(5) of the Act were:

	2016 N$	2015 N$
Commercial banks – At interest rates at year –end between 1,2% and 7.35%	32 112 018	43 812 836
Nampost - At an interest rates at year end was 7,5%	-	1 965 146
	32 112 018	**45 777 982**

4 TRADE AND OTHER RECEIVABLES

	2016 N$	2015 N$
Trade receivables	138 619	450 239
Interest accrued	-	8 278
Outstanding levies –AMTA	109 169 643	15 880 406
Levies and fees collected from January 2015 to March 2015	10 730 950	10 730 950
VAT on levies collected from January 2015 to March 2015	1 597 786	1 567 786
Provision for import Levy Income difference for March 2015 (W/Maize, Wheat and Mahangu)	3 581 670	3 581 670
Levies & fees collected from April 2015 to 31 March 2016	93 259 237	-
Other receivables	19 089	169 682
Agricultural Boards Building profit	9 466	51 891
NAB - Mahangu/ Horticulture – Month end reimbursement	-	42 965
Other projects – ATF/NTF/RSSC/NGPA – Credit card reimbursement	-	73 058
Sundries (Staff loans)	9 623	1 768
Vat receivable	62 111	-
Less: Provision for bad debts	-	(19 740)
	109 359 462	**16 488 865**

CASH AND CASH EQUIVALENTS 5

In terms of the Act the Board has four current accounts at a commercial bank for Maize and Wheat, Horticulture, Mahangu and Development Project Division:

	2016 N$	2015 N$
Bank Balances	1 889 981	1 718 657
Petty Cash	2 002	1 004
	1 891 983	**1 719 661**

GENERAL FUND 6

The Fund was established to finance the administration expenses of the Board. Transactions were as follows:

	2016 N$	2015 N$
Balance – 1 April	57 710 400	40 856 644
Net (deficit)/surplus for the year	(5 264 980)	18 024 419
Balance – 31 March	**52 445 420**	**58 881 061**

GENERAL ADMINISTRATIVE FUND 7

The fund was instituted to act as a buffer against effects of poor crops. The fund can be utilised in years of poor crops to finance the Board's administration functions.

	2016 N$	2015 N$
Balance – 1 April	1 003 148	1 003 148
Balance – 31 March	**1 003 148**	**1 003 148**

ANNEXURE C

NAMIBIAN AGRONOMIC BOARD NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH 2016

8 COMMODITY RESERVE FUND

The fund was instituted to assist schemes in drought situations, to carry price increases to producers and to be rendered as a guarantee to facilitate production loans. Transactions during the year were as follows:

	2016 N$	2015 N$
Balance - 1 April	13 799	12 010
Drought Assistance for the commercial dry-land producers	-	1 798
Balance - 31 March	**13 799**	**13 808**

9 SHARES – AGRICULTURAL BOARD BUILDING

The Agronomic Board holds 10% share in a joint venture with the Karakul Board of Namibia and the Meat Board of Namibia in the Agricultural Boards' Building.

	2016 N$	2015 N$
Total	**4 621 290**	**4 621 290**

TRADE AND OTHER PAYABLES 10

	2016 N$	2015 N$
Agency fees	88 059 726	-
Administrative expenses	124 830	104 234
Levies payable	-	693 330
Provisions	558 225	558 183
Guarantee deposits from Millers/Traders	476 883	446 420
DAPAP II – Interest receivable on behalf of the project	-	8 997
Admin fee on projects received in advance	-	307 611
Other payables	1 121 915	2 078 804
VAT Payable	-	1 552 789
MAWF Funds	-	21 036
	90 341 579	**5 771 404**

All payables that relate to Levies and any expenses that correspond to functions that have been transferred in the current year to AMTA have nil balances at the reporting date.

TRUST FUNDS: MINISTRY OF AGRICULTURE, WATER AND FORESTRY 11

	2016 N$	2015 N$
FUNDS WERE INVESTED AS FOLLOWS:		
Bank Windhoek Investment Fund – 6.37%	-	2 782 721
Old Mutual – Nedbank Platinum Fund – 6.30%	-	1 595 055
Old Mutual Investment Fund – 6.55%	-	3 411 409
	-	**7 789 185**

During the current year, trust accounts were closed and have a nil balance at year end.

ANNEXURE C

NAMIBIAN AGRONOMIC BOARD NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH 2016

12 TRUST FUNDS: MINISTRY OF AGRICULTURE, WATER AND FORESTRY

	2016 N$	2015 N$
FUNDS AVAILABLE:		
Cold Storage	-	164 226
Communal development production fund	-	5 221
Cotton campaign	-	199 235
Draft animal power programme	-	630 104
Fertilizer mixing plant	-	312 745
Fruits and vegetables programme feasibility study	-	78 134
Horticulture	-	961 084
Indigenous plants	-	449 763
Interim seed council	-	7 478
Land reform consultancy	-	341 205
MSTT	-	223 149
Namibia small stock development project	-	7 885
San – DAPAP	-	260 528
Silo Building fund	-	126 134
Useful plants development project	-	176 150
Woodlands management	-	3 846 145
	-	**7 789 186**

During the current year, trust accounts were closed and have a nil balance at year end.

ACCOUNTING AND ADMINISTRATION FEES 13

The Board acts as unit co-ordinator for financial controller for various Task Teams under contract of the Government of Namibia. The Board administrates all meetings of the various Task Teams on behalf of the Ministry of Agriculture Water and Forestry which is outlined among the Board's roles per the .

BOARD MEMBERS 14

Expenses on members of the Board decreased with 12% during the 2015/2016 (2014/2015) financial years – Increased with 30%.

STAFF 15

Remuneration of staff decreased by 19% during the 2015/2016 year end (compared to the 2014/2015)

ADJUSTING SUBSEQUENT EVENT 16

The Ministry of Agriculture, Water and Forestry issued a directive on the 1st of July 2016, for a distribution of the agronomic levies amounting to N$ 26 076 236 each to AMTA and AGRIBUSDEV.

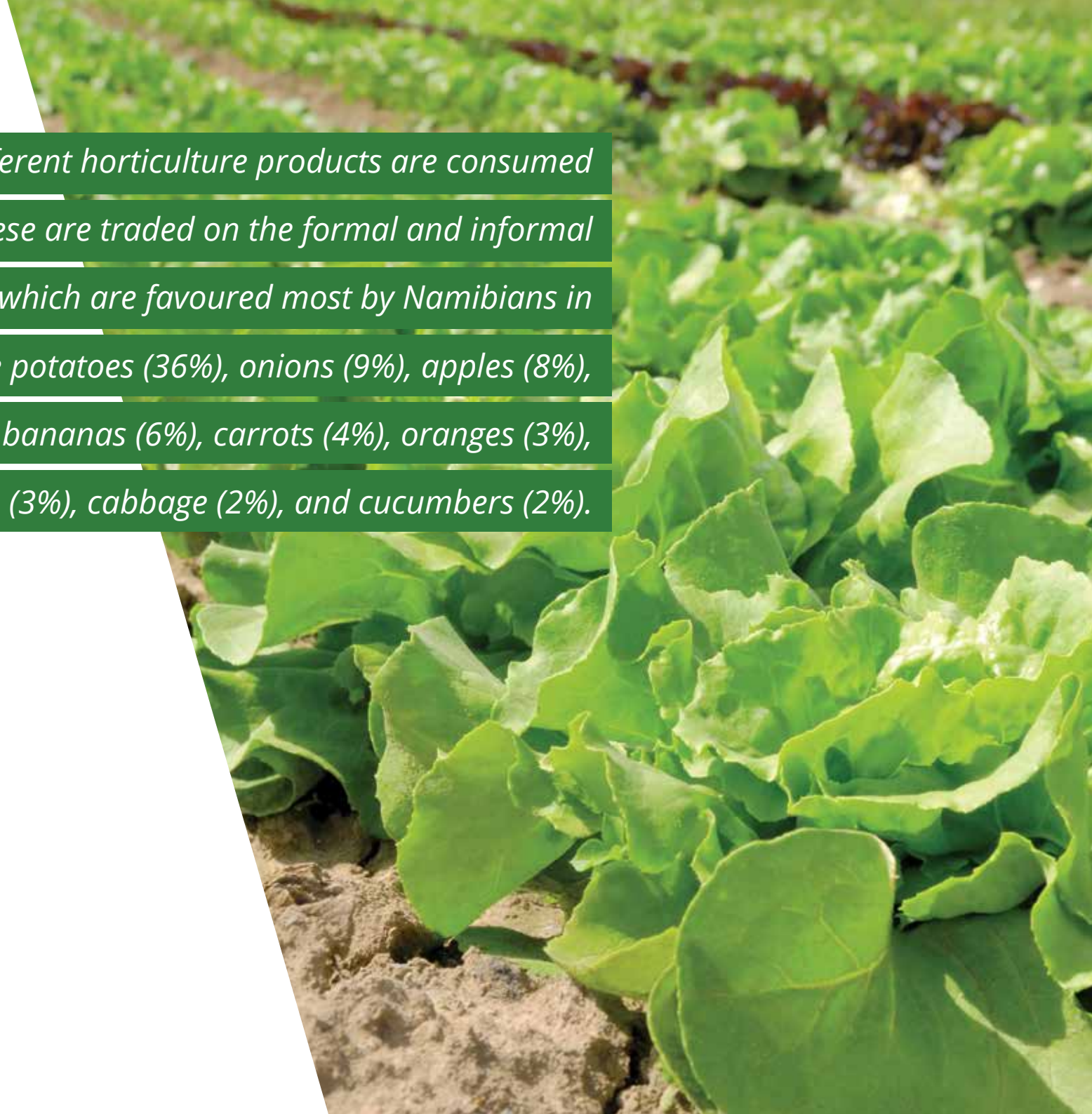
ANNEXURE C

NAMIBIAN AGRONOMIC BOARD NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH 2016

(continued)

On 2 April 2014, in Oshakati, organised producers and millers signed the Mahangu Price Agreement for the floor price formula of mahangu based on the production cost. The mahangu producer floor price for 2016 was set at N$4,386 per ton (N$4.39 per kg / N$79.46 per lata).

More than 120 different horticulture products are consumed in Namibia, and these are traded on the formal and informal markets. The products which are favoured most by Namibians in the formal market are potatoes (36%), onions (9%), apples (8%), tomatoes (6%), bananas (6%), carrots (4%), oranges (3%), lettuce (3%), cabbage (2%), and cucumbers (2%).



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