



REPUBLIC OF NAMIBIA

RESPONSE TO THE QUESTIONS BY HON. VIPUAKUJE
MUHARUKUA OF 15 SEPTEMBER 2015

BY

HON. JOHN MUTORWA, MP
MINISTER

MINISTRY OF AGRICULTURE, WATER AND FORESTRY

24 SEPTEMBER 2015

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Thank you Honourable Speaker

I have listened carefully to the questions posed by Hon. Vipuakuje Muharukua pertaining to the commercial activities in the subsistence farming sector of Namibia.

At the onset, I would like to thank Hon. Muharukua for his valuable questions and on that note I shall respond as follows;

- 1. What means does the Government have in place to ensure that there is accurate or comprehensive record on the informal commercial activities within the subsistence farming sector?**

The agricultural economy of Namibia combines commercial and subsistence farming. Subsistence farming characterises agricultural activities on state owned land in the communal areas both north and south of the Veterinary Cordon Fence. Commercial agriculture concentrates mainly on the freehold areas south of the Veterinary Cordon Fence.

It has to be noted, however that this information provides only a skewed picture of the socio-economic realities embodied in the Namibian agriculture. Statistical evidence relating to the Gross Domestic Product does not capture the whole range of economic activities that take place in the homesteads of communal areas. The output of subsistence-oriented agriculture ensures the livelihood of a large section of the Namibian population. Yet, as it does not materialise in monetary income realised on the market, it is not recorded as part of the Gross Domestic Product.



Formal market channels reflect only part of the economic realities governing the communal areas especially north of the Veterinary Cordon Fence. For a long time, the communal subsistence economy has been accustomed to market some of its surplus produce, either to meet the monetary needs of households, such as payment of school fees, or to cater for special social occasions, such as weddings or funeral ceremonies.

Honourable Speaker, Honourable Members

Over the years, Government has encouraged the communal farmers to market their produce through the formal markets in order to capture their business transactions. In the same spirit, Government pleaded with the private sector to invest in necessary marketing infrastructure so as to stimulate communal farmers to market their produce at such facilities. However, this clarion call, to a certain extent, has not been responded to positively by the private investors.

Therefore, during the past 5 years Government decided to scale up its investment in establishing the marketing infrastructure, such as the upgrading of abattoirs as well as the establishment of Fresh Produce Business Hubs to create a market for communal farmers. Meatco operates the Oshakati and Katima Mulilo abattoirs, on behalf and as per agreement with the Namibian Government. *The said*
AGREEMENT *will expire in early part of 2016!* *JH*

The Ministry of Agriculture, Water and Forestry established the Namibia Livestock Identification and Traceability System (NamLITS). This system enables Government to keep accurate records of animal disease surveillance, animal movements and vaccinations. It also allows for monitoring of breeding programs as well as animal production dynamics and future projections.

Furthermore, CABINET directed the creation of the Agro Marketing and Trade Agency to coordinate and promote handling, processing, marketing and trade of agronomic crops, particularly fresh produce in the Hubs and grain in the National Strategic Grain Reserves. AMTA has a database that contains commercial information of communal farmers who are and will be trained on Good Agricultural Practices. Allow me also to point out that some of the data at designated informal markets such, as omatala, is also captured by the responsible local authorities.

2. Has the Government done key productive sector analysis, going beyond consultations? If so when was it done and how?

Hon Muharukua, you may recall, that agriculture is one of the four priority economic sectors that are identified during the NDP 4 period. The desired outcome during the NDP 4 period is that agriculture experiences a real growth of 4 per cent per annum.

Some studies have indicated that the livestock sector contributes 76 per cent of the total agricultural output in Namibia, but only 6 per cent of this is generated from the communal areas. This implies that farmers' livestock production records are either not available or not reliable. However, anecdotal reports and estimates by farmers from the Northern Communal Areas state that livestock losses to the value of N\$ 200,000 to N\$ 500,000 per year per water point are the order of the day.

Changing farmers' attitudes towards more proactive management and marketing of their cattle is critical and locally based institutions, such as livestock production and marketing cooperatives as well as local and regional government will play a key role in bringing about



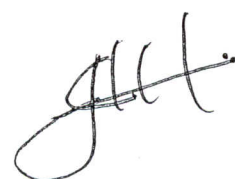
the necessary changes in attitude that are required at the local, regional and national levels.

Besides that, Namibia's rangelands are deteriorating, whether we look at communal, private or protected land. This is found to cost the Namibian economy at least N\$ 1.6 billion every year.

A Millenium Challenge Account – Namibia sponsored study on informal trade of cattle in the Northern Communal Areas was done by Agra in 2013. The study was initiated as it became evident that high numbers of cattle are imported from the area south of the Veterinary Cordon Fence to informal markets in the Northern Communal Areas and no reliable off-take figure was at hand. The only available off take rate of 7.5 per cent came out by a study commissioned by NOLIDEP in 2000.

A Ministerial study on the removal of the Veterinary Cordon Fence of 2014 revealed that the best case scenario has a net industry benefit of N\$ 5 billion which is 62 per cent higher than the current situation. Qualitative data was collected by means of Focus Group Discussions and In Depth Interviews whereas quantitative data was analysed using the Cost Benefit Analysis.

A study on horticulture, revealed that much of Namibian consumers' demand for fruit and vegetables has been met by imports, especially from the Republic of South Africa where there is an abundant supply of wide range of fresh produce at competitive prices throughout the year. Strong links have been established between the South African production or marketing network and Namibian wholesale and retail outlets. This is also true with respect to cereal consumption in Namibia.

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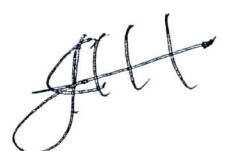
On one hand, this arrangement satisfies Namibian consumers' demand and it delivers relatively cheap produce for the consumer. On the other hand, the current marketing situation favours large scale agricultural producers and processors at the expense of the small and medium scale producers of agricultural products. This scenario has to change. Therefore, it is important that current legal framework need to be reviewed in order to steer the agricultural industry in the right direction.

3. What is the average annual monetary value of the informal commercial activity within the subsistence farming sector for the past 10 years?

Hon. Muharukua, I have perused through the relevant studies and I have not thus far come across a particular study that estimates the average annual monetary value of the informal commercial activity within the subsistence sector for the past 10 years. However, it goes without saying that the value under review is much higher than what has been documented. In this regard, I tend to agree with you that perhaps it is time that Cabinet commissions a study with an appropriate methodology that could produce a comprehensive record of the informal commercial activities within the subsistence farming sector with a view to determine the value of the subsistence economy.

Honourable Speaker, Honourable Members

In conclusion, Namibia's National Agricultural Policy is focused towards the creation of an enabling environment for increased food production, improved employment opportunities, incomes, household food security and the nutritional status of all Namibians. It also aims to foster profitability and increased investment in

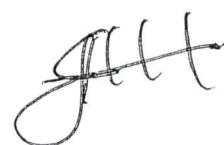


agriculture, as well as the vertical integration and domestic value-addition for agricultural products.

Development of the communal agricultural sub-sector is seen to provide the greatest potential for growth, diversification, improved food security and expanded incomes. In addition, the Namibian government is committed towards facilitating the creation of an environment that improves efficiency of marketing operations with the aim to reduce costs and enhance consumer welfare. Direct interventions by Government are said to be limited to efforts in addressing market imperfections and socially-unacceptable practices.

Staple food production will be encouraged with the aim of achieving household and regional self-sufficiency and food security. However, it is mentioned within the policy that grain production will only be encouraged where economic and financial viability can warrant its investment. This is specifically applicable in the intended stimulation of irrigation, whereby staple crop production seems less viable than the production of horticultural produce. Nevertheless, crop production under irrigation plays a vital role in guaranteeing the country's food security situation.

Government acknowledges that protective measures within the agricultural sector should be sufficient to promote import substitution, but should not result in production and processing inefficiencies which would render domestic production uncompetitive in world markets. However, consideration needs to be given to the distortive nature of global agricultural markets which are dominated by large production economies which still apply material domestic support and subsidisation schemes as well as Genetically Modified Organism production methods in order to accommodate world demand factors.

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REPUBLIC OF NAMIBIA

MINISTRY OF AGRICULTURE, WATER AND FORESTRY

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18 September 2015

INTERNAL MEMORANDUM

TO: HON. MINISTER, JOHN MUTORWA (MP)
FROM: DR.J.D. SHOOPALA, DEPUTY CHIEF VETERINARY OFFICER

RE: NATIONAL ASSEMBLY- Notice of Questions

Reference is made to the attached National assembly notice of questions.

- 1. In terms of livestock identification and traceability systems, do we have in place one system that covers the North and South of Veterinary Cordon Fence?**

The Ministry of Agriculture Water and Forestry has been operating one system for livestock identification and traceability in Namibia since the 4th October 2013. Although it is one system, there are some variations in the way things are done in north of the Veterinary Cordon Fence as compared to the south. This is due to differences in farming systems with the north being predominantly communal and the south commercial and the fact that MAWF procures cattle ear tags for farmers in NCA and DVS staffs apply tags for the farmers during tagging campaigns at crush pens. In areas south of VCF farmers buy ear tags and apply on their livestock themselves.

In the NCA, livestock identification was initially targeted to cover cattle but we are in the process of including sheep and goats in the programme. However, the main challenge concerning the introduction of livestock identification and traceability in sheep and goats in the NCA is that most of the farmers do not have

registered stock brands for their livestock which is an essential requirement. To address this challenge, MAWF has decentralised the issuance of stock brands to the main state veterinary offices at Rundu, Katima Mulilo, Ondangwa, Opuwo, Outapi, Eenhana and Tsumkwe. Farmers are therefore welcome to apply and obtain stock brands from the main the state veterinary offices in NCA.

2. **Do we meet the required compliance for us to be able to participate in the international trade?**

Different countries have different sanitary trade requirements. A strong animal health management system supported by a sound livestock identification and traceability system is a requirement for securing most high value markets.

A number of countries that we trade with as well as those interested to import Namibian animals and animal products in the future for a number of years have audited our livestock identification and traceability system. The results of the audits have been invariably and remarkably satisfactory. Namibia recently has been able to secure the Chinese beef market and is now close to gaining access to that of the United States of America.

3. Accept, Honorable Minister, assurance of my highest consideration.

Regards

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