

# **‘REPUBLIC OF NAMIBIA**

**MINISTRY OF AGRICULTURE, WATER AND RURAL DEVELOPMENT**

## **NATIONAL AGRICULTURAL POLICY**

**Presented as a White paper to parliament  
By**

**THE MINSTER OF AGRICULTURE, WATER AND RURAL DEVELOPMENT**

**Windhoek, October 1995**

## FOREWORD

Since our independence in 1990, development in the agriculture sector has been constrained by the absence of a clear and coherent agricultural policy. During this time, our development activities have been guided by a transitional development plan which has endeavoured to maintain economic stability and growth in Namibia by minimising disruptive change. Hasty policy initiatives were avoided while development options and strategies were carefully studied and national and sectoral policies were gradually elaborated.

Through this National Agricultural Policy, we have taken a major step forward by filling the policy gap in the agricultural sector. The National Agricultural Policy addresses the difficult problems caused by many years of neglect under the colonial administration. It provides an enabling environment for increased food production by smallholder producers, as a means of improving employment opportunities, incomes, household food security and the nutritional status of all Namibians. At the same time, we will continue to support and strengthen our large-scale farming sector which contributes significantly to agricultural exports, the food security of our nation and provides employment for a substantial number of our people.

The National Agricultural Policy is the outcome of a consultative process and has taken over a year to complete. A Ministerial Policy Task Force prepared an initial draft which was circulated widely throughout the country in order to seek the views of all Namibians and to make this a policy which was not formulated for the people of Namibia, but one which was formulated by them. To achieve this, the Ministerial Policy Task Force organised and conducted a series of broad-based, nation-wide public consultations. Over 75 institutions, involved in one way or another in agriculture in Namibia, have participated in this consultative process. The result is a truly National Agricultural Policy.

While the policy provides us with clear objectives and guidelines to stimulate and direct sectoral growth and development, this is not sufficient in itself. Any policy must have a closely aligned strategic framework to guide its implementation. Work on an Agricultural Sector Strategy has already begun within the Ministry of Agriculture, Water and Rural Development. The Sectoral Strategy will prioritise policy objectives and will elaborate strategic guidelines to implement the policy. While the National Agricultural Policy tells us what we will do, the Agricultural Sector Strategy will tell us how we will do it.

While completion of the National Agricultural Policy is a major step forward, there is still much work to be done. The Ministry of Agriculture, Water and Rural Development does not see the finalisation of the National Agricultural Policy as an end in itself, but rather as the beginning of a clearly-articulate and well-directed process which will allow us to achieve sustainable and equitable agricultural growth and development. The collaborative process, initiated through the formulation of this policy, in which we all work together as partners in agriculture for the benefit of our country and all Namibians, must be continued and further strengthened as we move into the policy implementation phase.

**Nangolo Mbumba**  
**Minister of Agriculture, Water and Rural Development**

## EXECUTIVE SUMMARY

i. To help realize the national objectives of reviving and sustaining economic growth, creating employment opportunities, alleviating poverty and reducing inequalities in income, the National Agricultural Policy aims, within the limits set by the fragile ecosystem, to maintain or increase levels of agricultural productivity and to increase real farm incomes and national and household food security. The objectives of the National Agricultural Policy are to:

1. Achieve growth rates and stability in farm income, agricultural productivity and production levels that are higher than the population growth rate;
2. Ensure food security and improve nutritional status;
3. Create and sustain viable livelihood and employment opportunities in rural areas;
4. Improve the profitability of agriculture and increase investment in agriculture;
5. Contribute towards the improvement of the balance of payments;
6. Expand vertical integration and domestic value-added for agricultural products;
7. Improve the living standards of farmers and their families as well as farm workers;
8. Promote the sustainable utilization of the nation's land and other natural resources' and
9. Contribute to balanced rural and regional development based on comparative advantage.

ii. The achievement of agricultural prosperity on which the nation depends is not the responsibility of the Government alone. Without the cooperation and participation of the farming community and the private sector as a whole, the Government's agricultural development objectives cannot be achieved. In order to ensure cooperation and participation, the Government will:

- Promote consultative and participatory approaches in the search for, and implementation of, solutions to identified constraints;
- Recognise and encourage local organisations to participate as key actors in the development process; and
- Commit itself to greater institutional pluralism and broad-based participation by the rural people and their organisations in their efforts to realize their development aspirations. At the same time this will reduce their dependence of Government support.

The Government will also encourage will also encourage its development partners to continue to provide both financial and technical assistance to support its agricultural development efforts.

iii. Farming in the communal agriculture sub-sector offers the greatest potential for growth and diversification. Government resources will continue to be concentrated on promoting grain and red meat production since these commodities will provide, at least for the immediate future, the foundation for agricultural growth, improved food security and expanded incomes, export

- iv. opportunities and rural employment. Policy initiatives will also support the diversification of production and produce markets. To exploit the full potential for agricultural growth, the extension service will therefore concentrate its efforts on the communal farming sub-sector. Furthermore, the service will be relieved of direct responsibility for providing those farmer support services which can be supplied more effectively by the private sector. Increases in productivity will be facilitated through an agricultural research programme which will follow a multi-disciplinary farming systems approach, incorporating decentralized adaptive research and on-farm trials. Here too, attention and resources will be focused on communal agriculture. The Government will continue to develop an agricultural education and training system which will provide the human resources required at all levels in the agricultural sector. To ensure that its activities are both cost-effective and relevant to the needs of all of the farming community, the Government's agricultural research, extension and training services will be closely co-ordinated and will take gender issues fully into account.
- v. All legislation and regulations concerning agricultural and natural resource development will be reviewed, and amended or repealed where necessary. At the same time, discriminatory policies and practices which result in barriers to market entry or hinder access to credit, and unfair internal trade and international competition practices. Will be abolished. The complementarity and inter-dependence of agricultural production with agro-industrial development will be strengthened. Subsidies which distort the prices of farm inputs and outputs and discourage private sector investment in agriculture, will be phased out. The Government will support the private sector to ensure that the necessary agricultural inputs are made available to all farmers at the right time and place and that, as far as possible, they are used optimally.
- vi. The Government will assist in the establishment and development of a national agricultural financing system that uses market-related interest rates on loans and that encourages rural savings. This system will be designed to support the activities of not only individual farmers but also those of cooperatives and credit unions. A central feature of the agricultural policy will be a shift away from direct Government involvement in price-setting towards facilitating agricultural development through the implementation of appropriate macro-economic policies and development interventions. The Government will also facilitate the creation of an environment that improves the efficiency of marketing operations in order to reduce costs and thus increase consumer welfare. Direct intervention by the Government will be limited to efforts to correct market imperfections and socially-unacceptable practices. Local processing of agricultural produces will be encouraged in order to provide increased opportunities for value-adding employment and foreign exchange earnings. Beneficial bilateral, regional and international trade arrangements will be promoted which, at the same time, comply with the

- vii. regulations of the World Trade Organisation (WTO) and the Southern African Customs Union (SACU).
- viii. The Ministry of Agriculture, Water and Rural Development is fully aware that a number of rural development and cross-sectoral issues related to agriculture, which are not directly under its mandate or control, require policy guidelines. Strong inter-agency cooperation and effective coordinating mechanisms will therefore be maintained or established in order to tackle policy issues in such areas as irrigation and water development, sustainable natural resource management, rural and regional development, land use and land tenure reform, rural infrastructure, food security and nutrition and drought and disaster management.
- ix. In planning agricultural interventions, full recognition will be given to the increasing scarcity of water resources in most parts of the country. At the same time, agricultural growth will not be pursued at the expense of the environment, with responsibility for sustainable natural resource management being handed back to the resource users wherever possible. Related to this, regulations will be established to control access to unutilized and under-utilised communal lands and to govern land sub-division. To enable communal farmers to have security of tenure which will facilitate access to credit and the adoption of sustainable natural resource management practices, a flexible land tenure system will be developed. A land tax will be introduced to discourage overly-large and multiple agricultural holdings. Physical infrastructure will be developed in the communal areas in order to create and retain as many rural employment opportunities as possible and to increase the attractiveness of the rural areas. At the same time, the Government intends to formulate effective rural development policies, strategies and institutional arrangements. The Government will implement the food and Nutrition Policy, while national food self-sufficiency will be pursued only to the extent that it is financially rewarding and economically viable so to do. Vulnerability to drought and other natural disasters will be addressed through long-term drought preparedness planning. This will form part of an emergency management system which will emphasise the development of appropriate relief, rehabilitation and responsive “coping” strategies, and make use of participatory and self-help initiatives where appropriate.
- x. In order to implement the National Agricultural policy, the Ministry of Agriculture, Water and Rural Development will continue to develop, adopt, implement and monitor a portfolio of strategies, programmes and projects.

## TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	3
Chapter.1 .....	7
THE AGRICULTURAL ECONOMY OF NAMIBLA.....	7
Agricultural Production Characteristics.....	7
The Performance of Agriculture and its Contribution to the Economy.....	8
Socio-Economic Conditions .....	9
Macro-Economic and Sectoral Constraints .....	10
Chapter 2:.....	11
THE POLICY FRAMEWORK .....	11
National Objectives.....	11
Agricultural Goals and Objectives.....	11
Policy and Strategy Implications .....	12
Chapter 3:.....	14
THE NATIONAL AGRICULTURAL POLICY.....	14
Partners in Agricultural Development .....	14
The Provision of Government Services .....	22
Agricultural and Agro-Industrial Investment.....	28
Agricultural Subsidies.....	29
Financing.....	30
Agricultural Taxation.....	33
Farm Input Supply .....	33
Pricing.....	35
Marketing.....	36
International Trade Agreements and Tariffs.....	38
Chapter 4.....	39
RELATED RURAL DEVELOPMENT AND CROSS-SECTROAL ISSUES .....	39
Irrigation and Water Development .....	39
Rural and Regional Development.....	41
Sustainable Natural Resource Management .....	41
Land Use and Tenurial Security .....	44
Rural Infrastructure.....	47
Food Security and Nutrition.....	47
Drought and Disaster Management .....	49
CHAPTER 5 .....	50
A STRATEGIC FRAMEWORK FOR POLICY IMPLEMENTATION.....	50
Policy and institutional Reform .....	50
Planning and Implementation .....	51
Strategies and Programmes.....	51

## Chapter.1

### THE AGRICULTURAL ECONOMY OF NAMIBLA

#### Agricultural Production Characteristics

1. Scarce productive land and fragile soils, coupled with limited water resources and an erratic rainfall regime are the principal features of Namibia's agriculture. The country can be divided into four ecological zones:

- The desert region, comprising 22 per cent of the land area, where mean annual rainfall is less than 100 mm;
- The arid region, comprising 33 per cent of the land are, where mean annual rainfall varies between 100 and 300mm;
- The semi-arid region, comprising 37 per cent of the land area, where mean annual rainfall lies between 301 and 500 mm; and
- The semi-humid and sub-tropical region, comprising 8per cent of the land area, where mean annual rainfall is between 501 and 700mm.

2. Reliable crop production under rainfed conditions is only possible in areas receiving an average of over 400 mm rainfalls annually, representing 34 per cent of the country. Within these areas, crop production is further limited by a scarcity of productive soils. Some 97 per cent of the soils have a clay content of less than five per cent and only approximately one per cent, or 820, 000 hectares of the4 land area has soils with a medium to high potential for rainfed or irrigated arable production.

3. Presently, in the northern communal areas, an estimated 274,000 hectares are used for rainfed production by 137,000 farm households cultivating an average of two hectares of land per household. Approximately 25,000 hectares are used for rainfed crop production in the Otavi-Grootfontein Tsumbe 'maize triangle' commercial farming area, while a further 6,500 hectares are being used for commercial irrigated crop production by commercial farmers in other parts of the country.

4. The agricultural sector is divided into a commercial farming sub-sector, where farmers operate on freehold title deed land, and a communal farming sub-sector, where farmers operate on land operated under a communal tenure system. The communal areas directly support 95 per cent of the nation's farming population, but occupy only 48 per cent (33.5 million hectares) of the total agricultural land. Farmers in the communal farming sub-sector are mainly engaged in subsistence rainfed cropping and extensive livestock production, characterized by extremely low levels of productivity, highly variability of output from one year to the next and a high degree of poverty, household food insecurity and malnutrition. The commercial farming sub-sector occupies about 36.2 million hectares which are mainly used for extensive ranching. The sub-sector is made up of 6,337 freehold title deed farms belonging to about 4,200 large-scale farmers, each having an average landholding of approximately 8,620 hectares.

## **The Performance of Agriculture and its Contribution to the Economy**

5. In 1994, an estimated 68 per cent of the total population of 1.5 million derived at least part of their livelihood from agriculture and forestry. Agricultural exports, which comprised mainly livestock and meat products, constituted approximately 15 per cent of total merchandise exports. Since 1994, agricultural commodities ranked third behind minerals, fish and processed fish products in terms of their contribution to merchandise export earnings.
6. Producers supply all of the nation's red meat requirements and up to 55 per cent (120,000 tons) of the country's grain consumption needs in years of good rain, which occur roughly four years in ten. However, food imports are significant amounting to Ns 272 million or 7 per cent of the total value of imports to Namibia in 1993. sugar is the largest single food item imported followed by maize, edible offal, wheat, concentrated milk and cream, cheese and butter. Over 85 per cent of these are imported from South Africa.
7. The agricultural sector contributes about 10 per cent to Gross Domestic Product (GDP), a figure which has changed remarkably little over the past decade. In 1994, the commercial farming sub-sector contributed an estimated 7.8 per cent to GDP, and accounted for 72 per cent (N\$ 698 million at current market prices) of agriculture's total contribution to the economy, due to low productivity, the communal farming sub-sector has contributed an average of only 2.6 per cent to GDP since 1987. Annual per capita income from farming in this sub-sector is approximately N\$ 260.
8. The communal farming sub-sector is characterized by low, unstable and declining levels of productivity, production and farm income. Low crop yields are mainly caused by the resource-poor and high-risk farming environment and the lack of access to appropriate production technologies and farm inputs. Poor access to and availability of credit, markets, rural infrastructure and effective institutions that serve smallholders further contribute to these low levels of agricultural productivity and production.
9. Between 1988 and 1993 the annual growth rate of the agricultural sector was 2.2 per cent which implies a negative annual growth rate in per capita food production given the high population growth rate, currently estimated at 3 per cent per annum. This clearly indicates declining real per capita income from agriculture and the worsening food security situation in the communal areas.

## **Socio-Economic Conditions**

Namibia has a dualistic economy, a high incidence of extreme poverty and highly inequitable income distribution. For example the richest 5 per cent of the population control 71 per cent of GDP, with an average per capita income of U\$\$ 14,000 per year, which is comparable with the middle stratum of developed countries in Europe. The poorest 55 per cent account for merely 3 per cent of GDP, with a per capita income of less than U\$\$ 100 per year. A recent survey revealed that 47 per cent of the population were living in poverty, defined as households where more than 60 per cent of income is spent on food. Of these, 13 per cent were living in severe poverty (spending more than 80 per cent of their income on food) and suffering from varying degrees of malnutrition.

11. In 1993/94, subsistence farming was the main source of income for almost 40 per cent of households in the country, while cash wages were the main source for more than one-third. Approximately 12,000 households had business as their main source of income. Pensions received by the old constituted the main income source for 29,000 households or 12 per cent of the total population. The remaining 4 per cent of households reported cash remittances as their main source of income.
12. The commercial farming sub-sector provides employment to about 36,000 people, at an average rate of six workers per surveyed farm. This represents about 8 per cent of the working population.
13. There are important changes taking place in the social organisation and production systems at the local level in the communal areas. These include a decline in the number of households owning livestock, the sedentarisation of the population, rapid rural-urban migration and increased resource conflict. Environmental degradation, highly variable rainfall patterns and periods of drought contribute to production instability and high risks in farming. Economic and social conditions in the communal areas, including the stagnation of agricultural productivity, are a product of, among other things, high population growth rates, the traditional land use systems, colonial land and economic policies and the system of migrant labour. In the coming years these will, in turn, be influenced by efforts to resolve issues of population growth, to reform land tenure, to stabilize farm yields and income to establish sustainable resource management systems and to direct Government resources.
14. The northern communal areas are not well endowed with the natural resources required for agricultural production, such as rainfall, soil, and irrigable areas, nevertheless, significant scope does exist for improving the livelihoods of the population living there through the more efficient use of these and other resources. The remainder of the country is largely unsuitable for crop production and possesses a varied potential for extensive cattle ranching and small stock farming.

## **Macro-Economic and Sectoral Constraints**

15. Namibia's economy in general, and the agricultural sector in particular, are currently constrained by serious macro-economic problems which limit the country's capacity to provide food for security and adequate levels of nutrition for the population. These problems include:

- Relatively stagnant income levels – since Independence, the average annual economic growth rate of 3.5 per cent has been little higher than the population growth rate, estimated at 3.1 per cent;
- Rising rates of unemployment and low labour productivity – the unemployment level currently stands at 22 per cent of the labour force and with 16,000 new entrants to the job market annually, is projected to rise to 24 per cent by the year 2000;
- The high incidence of extreme poverty and inequitable distribution of incomes and wealth-due to inequalities in control of resources and income distribution, over half of the population live in conditions of acute poverty, food and livelihood insecurity;
- The existence of legal and regulatory restraints to agricultural development and trade-regulatory bottlenecks hamper freedom of entry into the domestic market and, hence, effective competition; and
- Macro-economic instability and vulnerabilities-deteriorating terms of trade, and the existence of monopolies and price distortions in the market-place further aggravate the situation.

16. Furthermore, the fragile ecosystem and the degraded natural resources act as fundamental constraints to agricultural development. In addition, unsustainable resource management, which is a feature of farming systems throughout much of the country, is the result of a number of factors including rapid population growth, inadequate fallowing and fertilizing of arable land, inappropriate grazing management, extreme poverty, inequitable income distribution and the land tenure system.

## Chapter 2:

### THE POLICY FRAMEWORK

#### National Objectives

17. In After the long struggle independence, the Government of the Republic of Namibia is dedicated to achieving genuine reconciliation through the pursuit of its long-term goals of political equality, social justice, human dignity and equal opportunities for all citizens, as manifested in the Constitution of the Republic of Namibia. Although constitutional prerequisites concerning equal rights of women in the legal system, their integration into traditional laws and values and their adoption by society needs to be expedited.
18. In order to attain its long-term goals, the Government has formulated four broad national development objectives:
  - To revive and sustain economic growth;
  - To create employment opportunities;
  - To alleviate poverty; and
  - To reduces inequalities in incomes.
19. The Government will establish a conducive political and policy environment for the productive sectors of the economy to contribute towards the national objectives. If macro-economic policies do not create an stable and conducive economic environment, then specific policies to strengthen the agricultural sector are likely to fail. Although reviving and sustaining economic growth will be a major national objective, the Government will assess and minimize the adverse social implications, particularly in terms of food insecurity and malnutrition, of a strategy based on maximising economic gains. The Government is further aware that the achievement of the national objectives is directly linked with the issue of population growth. Hence, Government will promote policy initiatives and strong efforts of control population growth.

#### Agricultural Goals and Objectives

20. To help attain the national objectives, the overall goal of the National Agricultural Policy is to increase and sustain the levels of agricultural productivity, real farm incomes and national and household food security, within the context of Namibia's fragile ecosystem.
21. For the majority of Namibians to enjoy improvements in their current standard and quality of living, the objectives of the National Agricultural Policy are to:

- achieve growth rates and stability in farm incomes, agricultural productivity and production levels higher than the population growth rate;
- ensure food security and improve nutritional status;
- create and sustain viable livelihood and employment opportunities in rural areas;
- improve the profitability of agriculture and increase investment in agriculture;
- contribute towards the improvement of the balance of payments;
- expand vertical integration and domestic value added for agricultural products;
- improve the living standards of farmers and their families, as well as farm workers;
- promote the sustainable utilization of the nation's land and other natural resources; and
- contribute to balanced rural and regional development based on comparative advantage.

## **Police and Strategy Implications**

22. Getting agriculture moving requires not only comprehensive agricultural polities but also adequate capacity within national, regional and local institutions to address agricultural development is not a purely technical matter. Strong political will and leadership is an indispensable ingredient of agricultural development. Agricultural development efforts will need to focus on building efficient farmer support and service systems that are responsive to well – organised farmers' and farm workers' organisations with the capacity and dynamism to promote the needs of farming communities.

23. The visible evidence of agricultural stagnation or decline in many parts of Africa continues to fuel the search for short-term solutions. Experience, however, shows that there are nor real alternatives to intensifying investment in the basic factors promoting agricultural development.

- Improved technology for farmers generated from investment by the public and private sectors in research and extension, and the continuous development and transfer of new technology in accordance with the chaining needs of farmers;
- Enhanced human capital at all levels to be achieved through investment in formal education at schools, colleges and faculties of agriculture and natural resources, and on the job training and experience;
- Development of physical infrastructure;

- Effective institutions serving farmers' needs; and
  - An enabling political and macro-economic policy environment, including conducive pricing policies, adequate budgetary commitments to agriculture, appropriate land tenure, marketing and trade policies and tax and investment incentives.
24. To develop these prime movers, two of their important characteristics must be recognised. First, not prime mover can get agriculture to grow on a sustained basis on its own. Second, the development of all prime movers requires sustained and long-term investment.
25. Recognising that the agricultural sector will not continue to be able to provide sufficient remunerative livelihoods, and on farm employment for the growing population, the Government will promote strategies for the development of rural industries, micro-enterprises, and off-farm employment and income-generating activities within the rural areas. The economy must generate enough foreign exchange from mining, fisheries, tourism and its other productive sectors to secure necessary food imports.
26. The realization of the agricultural policy objectives requires the commitment and active participation of the private sector as producers, resource users, landowners, traders, providers of services and consumers. Government policies will seek to create favorable conditions under which the private sector can invest in and contribute to, national agricultural development.
27. The Ministry of Agriculture, Water and Rural Development will be responsible for coordinating the implementation of the National Agricultural Policy, working closely together with farming communities, the public and private sectors and with the country's development partners. The aim of this policy document is to present a broad policy framework and to give guidelines within which detailed strategies, programmes and projects can be developed. Successful realization of the objectives of the national Agricultural Policy largely depends on this institutional commitment and efficiency with which detailed strategies and prepared and implemented. It also depends on the appropriateness of investment programmes designed to utilise effectively the limited resources available to agriculture, and on how well these are integrated with other natural resource use programmes such as those for land tenure reform, tourism, fisheries and agroforestry.

## **Chapter 3:**

### **THE NATIONAL AGRICULTURAL POLICY**

#### **Partners in Agricultural Development**

28. The achievement of the agricultural prosperity on which the nation depends is not the responsibility of Government alone. Without the cooperation and participation of the farming community and the private sector as a whole, the Government's agricultural development objectives cannot be achieved. The Government is firmly committed to a consultative and participatory approach in the search for, and in the implementation of, solutions to identified constraints. Furthermore, agricultural development is a complex task which requires interdisciplinary and cross-sectoral approaches which will be fostered through partnerships between all those involved in the agriculture sector.
29. In recent years the contribution of community based organisations, non – governmental agencies and private enterprises and organisations to development activities has increased. The number of these organisations active in local agricultural initiatives has been steadily rising, resulting in the mobilisation of otherwise untapped human and material resources. The Government is committed to fostering greater institutional pluralism, and recognises and encourages local organisations as key participants in the development process. The broad based participation of rural people and their organisations in efforts to help themselves realize their own development aspirations will be encouraged, thus reducing their dependence on Government interventions.

#### **The Role of the Government**

30. The main role of the Government as a partner in agricultural development is to create a favourable macro-economic policy environment, and to provide agriculture productivity, real farm income and food security. The Government will respond to the challenge of making agriculture a profitable and competitive economic activity capable of providing good security, income earning opportunities and employment to a significant proportion of the population.

31. The Government will strive to develop Namibia's comparative advantages and the competitiveness of agriculture in the domestic and global markets. It will do this by developing and implementing policies aimed at increasing agricultural productivity and real agricultural prices, reducing farming risks and stabilizing agricultural production and achieving a sectoral growth rate higher than the population growth rate.

#### The Macro-economic Environment and Resource Allocation to Agriculture

32. The Government will ensure that agricultural policy goals and objectives are effectively integrated within a supportive overall macro-economic environment and policy framework. The impact of commodity prices, determined partly by exchange, inflation, interest and wage rates, savings and investment practices, and the nation's overall terms of trade greatly influence the performance of the agricultural sector. If macro-economic policies create a stable and sustainable economic, ecological and social environment, then the policies envisaged to develop the agricultural sector will have a better chance of success. Further to ensuring that agricultural policy is integrated with overall macro-economic policy, the Government will strengthen in particular the linkages between agricultural policies and population, agro-industrial and rural development policies and strategies.
33. The national Agricultural Policy is based on Government's commitment to give high priority to agriculture. Policy initiatives will redirect public resources towards sustainable economic growth and agricultural development. Reallocating savings. In some areas and redirecting public funds towards socially and economically productive investments which yield high internal rates of return will be achieved through the policy. Increases in the allocation of budgetary resources to the sector will be sought, depending on absorptive capacity and realistic comparative yields on public investments.
34. The Government will redirect public resources and agricultural services to support those activities and products that have the greatest comparative advantage and which will improve the sector's net foreign exchange earnings and savings. The efficiency of public sector investment programmes in agriculture will be improved, particularly by providing an enabling policy framework that stimulates yield and farm income. These measures will also aim at reducing farming risks.

#### The Provision of Agricultural Services and Facilities

35. Agricultural development and growth depends upon farmers having reliable and timely access to essential services such as extension advice, research results and

Recommendation, credit, farm inputs, veterinary care, quarantine facilities, domestic marketing and export facilities and services and market information services. Many of these services are of a commercial nature and could well be provided by the private sector.

36. The Government remains committed to doing as much as possible, within the limits of its expertise and financial capacity, to ensure the availability of essential agricultural development services to the farming community. However, even with renewed Government emphasis on agricultural development, its capacity will remain limited. The Government's developmental efforts will therefore be limited to the provision of essential services, the absence of which may be disadvantageous to society, and which the private sector is unwilling or unable to provide. Hence, the Government will promote and support private sector initiatives undertaken by individuals, non-government organisations (NGOs), cooperatives, and other community groups to provide essential agricultural development services, particularly those involving the supply of farm inputs and the marketing of farm produce. Relieving the Government of the task of providing these services will free resources for the development of advisory extension, research and veterinary services and other vital functions such as regulatory work.

37. The provision of Government services will be designed to redress the structural imbalances and dualism inherent in the agricultural sector by redirecting and strengthening essential agricultural services and facilities to the communal areas, where their socio-economic impact is likely to be the greatest. The exceptional cases, and where the private sector is unwilling or cannot efficiently do so, the Government may continue to provide vital support services to the commercial sector, particularly those aimed at facilitating agricultural diversification and niche export market development.

### The Role of the Private Sector

38. The Government recognises the essential role of the private sector and the farming community in achieving agricultural growth and prosperity through investment and participation in commercial agricultural activities. Effective private sector participation will be stimulated through the establishment and continued implementation of sound macro-economic policies and the implementation of policy led development strategies. These will aim to maximize the productivity, profitability and growth of private sector enterprises, and to achieve stability in real production and increases in income levels.

39. The Government will provide a favourable political environment, enabling macro-economic policies and incentives to encourage the private sector to invest in agriculture and to provide essential agricultural development services in the most

Efficient and profitable manner. One essential objective of the Government in this regard is to remove price distortions in both input and output markets, and to promote effective competition in the market place. The Government will endeavour to reduce the risks inherent in agricultural investment through supporting technology generation, verification and transfer, as well as agricultural education and the provision of information services.

40. The private sector must contribute to the achievement of agricultural growth with equity. The Government expects the private sector, including commercial farmers, to recognise fully the intrinsic value of labour as a factor of production. Employers should be imbued with a sense of social responsibility towards employees, and should be committed to improving their standards of living. The private sector must contribute to Government objectives by ensuring fair returns to labour, as well as food security and improved nutrition of employees. The private sector is called upon to provide opportunities for job creation, training, and incentives to improve labour productivity, and to commit themselves to land tenure reforms and the social implications thereof.

#### The Role of Parastatals

41. Experience worldwide has clearly shown that the State has proven to be an inefficient manager of business enterprise, and the ineffective user of public funds and foreign loans. Typically, the pricing rules followed by these public monopolies or quasi-monopolies have not differed from patterns that would have been followed by private sector monopolies or oligopolies. Parastatal agencies and statutory boards must not engage in enterprises which exercise monopoly or monopsony powers and create price distortion in either input or output markets. Parastatal activities will be limited to the commercial provision of essential services through financially and economically viable operations aimed at:

- Maintaining national food security;
- Developing technological changes and comparative advantages in agriculture;
- Developing new financial instruments;
- Promoting alternative trading and marketing arrangements;
- Facilitating resource mobilisation and intermediation; and
- Stimulating economic activities where the private sector is unwilling or unable to participate and invest.

42. The Government will promote effective competition between Parastatals and the private sector, and will open services which were previously provided by Parastatals to the private sector through freer entry, privatization and other forms of participation.

### The Role of Cooperatives

43. The National Cooperative Policy recognises that cooperatives are an integral part of the private sector, and that the cooperative movement must develop progressively without undue interference from the State. The Government further recognises internationally accepted cooperative principles and encourages the diversity and decentralisation of cooperative organisations. The cooperative movement will not become a governmental instrument for development, but a partner in joint efforts to improve the living conditions of rural communities. The government will assist in developing entrepreneurial, organizational and managerial skills through the cooperative movement as a means of achieving growth and development in the agricultural sector. However, the formation, organisation and management of agricultural cooperatives shall be farmer or client initiated and self-help orientated not government led, donor driven nor credit led. This should improve their chance of survival and viability by creating a strong sense of ownership and business commitment among cooperative members. The Government's role shall be limited to cooperative education and training, registration, auditing, the provision of regulatory guidelines, financial and impact monitoring and evaluation.

### The Role of Non-Governmental Organisations

44. The Government fully recognises the inherent capacities of NGOs, including community-based organisations, to serve as key actors in the agricultural development process. Such organisations can facilitate local initiatives, can use indigenous resources and technology, and can mobilize rural people and community participation for sustained agricultural and rural development.
45. The Government will actively support the efforts of NGOs in agricultural and rural development, and will assist them with policy led interventions which will contribute to the achievement of national and local development objectives.

### The Role of Women and Youth

46. Approximately 52 percent of rural residents are women. This indicates the central role of rural women in agriculture, and the necessity of securing their participation in agricultural development efforts. Women need to be recognised as farmers in their own right. The migrant labour system has served to supplement rural incomes, but it has also resulted in a high number of female-headed households, seasonal labour shortages and an increased workload for women. Although this has provided women with greater influence over household and farm decision-making, their access to and control over household resources remains marginal. The recent decline in formal employment opportunities has had a significantly negative effect on cash remittances

Which contribute on average approximately 4 percent of communal farmer's household incomes. The low productivity of subsistence agriculture and the lack of alternative employment opportunities have resulted in food insecurity for many households, and increased dependency of rural households on pensions. These social changes and economic marginalisation have not only affected female headed households but have also worsened the living standards of other vulnerable groups such as the landless, unemployed rural youth, the elderly and farm labourers.

47. The Government acknowledges the constraints and discriminatory practices facing many female-headed households and the youth in rural areas throughout Namibia. The crucial role of women and the youth in agricultural development needs to be re-emphasized, and their participation in agricultural organisations and related institutions ensured. Existing social norms and values relating to women and gender discrimination must be changed. Women will be assisted in overcoming constraints to their participation in development efforts related to their lack of knowledge, limited access to land, lack of security of tenure, discriminatory laws, shortages of labour and poor access to services and finance.

#### The Role of Farm Labourers

48. The Government recognises the valuable contribution of farm labourers in assuring the overall viability of the commercial farming sector and in producing surplus agricultural production in the communal areas. Policies will be adopted which support productive labour intensive enterprises that will increase employment opportunities and thus the demand for labour. The Government is committed to improving the socio-economic conditions of farm labourers, particularly by ensuring their food and income security, and by improving standards of family housing, health the education. The Government will fully implement and monitor compliance with the provisions of the Labour Act, particularly with regard to improving prevailing employer- employee relationship in commercial farms and agro-industries.

#### The Role of the International Community

49. The Government will strengthen relationships and cooperation with regional and international institutions involved in agriculture. Namibia's contribution to the work of such institutions will depend on the degree to which benefits are likely to accrue. The Government will continue its relations with multilateral and bilateral donors for financial and technical assistance for agricultural development. Such assistance will

Emphasize institutional strengthening and technology and skills transfers to ensure self-reliance and sustainability of the sector in the long run. Donor assistance will be used effectively and efficiently in pursuing the goals and objectives of agricultural development. The Government will ensure transparent use of donors' assistance and full accountability.

### Agricultural Production

50. Agriculture in the northern communal areas offers the greatest potential for intensification and diversification. Focusing in these areas will lead to increased productivity and the stabilization of yields, and will contribute towards the attainment of household food security and a reduction in the need for food imports. To achieve agricultural growth, communal farmers need to be integrated into domestic and export markets as a priority. They also need improved access to vital rural infrastructure and essential agricultural development services. Recognising the importance of women in agricultural productions, detailed gender analysis of farming systems will be undertaken to facilitate the development of gender specific strategies for increased household food security.
51. Considering Namibia's highly variable climatic conditions, the realization of the country's potential for agricultural growth depends on effective drought preparedness planning and responsive drought management. The risk of production failure is high. This necessitates approaches to farming based on technically and economically sound frame investments which will stabilize yields and farm incomes. Such approaches will be promoted through appropriate agricultural support services and long-term multi-level agricultural development planning.
52. Presently, livestock and grain production represent the foundations for the growth of agricultural incomes, exports and rural employment. They also contribute to import substitution and household food security. The crucial significance of meat and grain production justifies the concentration of Government resources on the promotion of these two commodities, at least in the immediate future.
53. At the same time, the Government will pursue a policy of product and market diversification to expand the base of agricultural development. Diversification can be expected to contribute to import substitution and to the exploitation of niche export markets. The Government will rely heavily on market forces to determine the direction of diversification, and will invest infrastructure, institutions and human capital to encourage private sector participation. Irrigation schemes offer potential for the production of high value crops based on high financial returns and sound environmental principles but require enormous complementary investments.

## Crop Production

54. The Government will encourage the production of staple foods with the aim of achieving household self sufficiency and food security, and regional self –sufficiency in areas with adequate potential. However, grain production will be encouraged only where comparative advantage exists, or can be established, and where economic and financial viability and environment sustainability will allow. Initiatives encouraging the diversification of smallholder crop-based systems will promote the integrated production of legumes and livestock. Sustainable harvesting, production and marketing of indigenous veld products will also be actively promoted.
55. Millet is recognised for its high nutritional value and for its relative ecological suitability for the northern communal areas. Millet production will be encouraged, by promoting improved technologies and practices, to reduce the need for grain imports and to promote food security and improved nutrition. In addition, advances in food technology and the concerted promotion of millet processing and marketing initiatives will enable millet grain and flour to become more competitive with maize and wheat products in the market, and will improve the availability of millet flour in both urban and rural markets.
56. Scope exists in better-endowed areas to increase their grain output's specifically; rain fed crop production in the maize triangle has considerable potential for expansion which needs to be exploited.
57. The Government will encourage the production of non-traditional, high value agricultural exports to supply niche overseas markets and for import substitution. This will be done by exploiting seasonal comparative advantages and by improving intelligence on international market opportunities. During an interim period the Government will financially support the development of private sector led and funded integrated agribusiness ventures involving the production of non-traditional agricultural products.

## Livestock Production

58. Red meat production and livestock products provide 85 to 90 percent of the nation's total agricultural income. Support to red meat producers will focus on increasing the productivity and sustainable utilization of existing commercial and communal grazing land, by taking into account environmental and socio-economic factors. The potential of mixed livestock and game species farming has not been fully explored. It is possible in some areas that the economics of wildlife management could be superior

59. To domesticated livestock production. Different herd mixes of large and small stock may be necessary to achieve optimal utilization of natural resources, depending on the grazing characteristics and carrying capacity of an area. The Government will support the provision of essential infrastructure to promote sustainable livestock production, processing and marketing systems. This will facilitate domestic value added and the expansion of overseas markets to stimulate agricultural growth in Namibia.
60. The Government will promote the conversion of some of the seven million hectares of under utilised grazing land north of the Veterinary Cordon Fence into extensive livestock production systems. In so doing, due consideration will be given to factors limiting environmentally sustainable production and the lack of livestock watering facilities. Exploiting the full production potential in commercial cattle and small stock farming areas will depend to a large extent on combating bush encroachment. This could involve the development of bush clearing and utilization industries, including charcoal, fuel briquette and chipboard manufacture.
61. In the communal areas, the Government will encourage more responsive livestock production and health research, extension and training services. The Government will also provide financial support and incentives to livestock product diversification in both communal and commercial farming areas.
62. The Government will facilitate the importation of genetic material, and promote livestock breeding and upgrading to achieve higher livestock productivity. Considerable potential exists for diversification, and for the processing of pelts and wool of the Karakul sheep found in central and southern Namibia. In addition, scope also exists for further development of the poultry industry which would contribute to meat import substitution, egg production and the stimulation of the feed milling industry. The ostrich industry and game farming are expanding rapidly and generating foreign exchange earnings. The Government will also continue to promote value added industries involving leather and tallow products and high value garments. The potential contribution of freshwater fish farming in the Cuvelai delta, along the Okavango river and in Caprivi for improved household food security will be further explored in close consultation with the Ministry of Fisheries and Marine Resources.

## **The Provision of Government Services**

### **Extension Services**

63. The Government will provide extension services to the agricultural sector in the form of information communication and advisory services aimed at changing farmers'

Perceptions and attitudes, and at encouraging the adoption by farmers of improved technologies and practices. Coordinated, decentralized, and multi-disciplinary approaches to agricultural extension will be adopted. Extension will promote participatory farming systems research and extension processes to help farmers find solutions to their farming problems. Extension services will introduce technologies and practices appropriate to local resources endowments and the relative fragility of ecosystems.

64. The Government will divest the extension service of its direct responsibility for providing farmer support services such as input sales and distribution, infrastructure development, drought relief, ploughing services, direct marketing and credit delivery. The provision of these services by the extension service will be phased out and transferred, where possible, to the private sector. Drought relief provision and infrastructure development will be entrusted to or effectively coordinated with, appropriate private sector or milling, wholesale and retail institutions, or NGOs in a manner consistent with sound policies of accountability and transparency in the disbursement and use of public and donor resources.
65. Extension will play a coordinating role to ensure that farmers have access to the various supportive services and programmes required for the adoption of improved farming and marketing practices. Coordinated extension/communication and delivery systems will address the production, credit, and marketing aspects of farming, with the active participation and cooperation of the private sector. Extension will mobilize and coordinate the efforts of other agencies, both public and private, to provide the support services needed to overcome broader development problems and to exploit fully the opportunities inherent in existing farming systems. Extension services provided by businesses and NGOs will be encouraged and supported.
66. To address food insecurity and malnutrition effectively, the Government's extension service will aim at assisting the largest number of farmers possible. The main focus will be on small and medium scale farmers in the communal areas. Extension and advisory services will be well directed to address female headed households, retrenched farm labourers, and youths engaged in agriculture as a means of livelihood and gainful employment. Extension services will also promote non-agricultural income generating and employment creating enterprises, particularly those which use agricultural raw materials and support agricultural development. The impact of the Government's agricultural extension service will be continuously monitored and regularly evaluated on a national and regional basis with a view to systematically redesigning extension strategies and reallocating extension resources to areas where their impact can be greatest.
67. To help achieve the Government's food security objectives, issues of food consumption, as well as production, will also be addressed within the framework of extension services. This will focus on nutritional education, particularly targeted towards nutritionally vulnerable groups. Efforts will aim at assuring year round access to nutritionally adequate and safe food for all, whether from home production

or purchased food. Sanitary and safe handling of food commodities during production, harvesting, storage, processing and preparation will be stressed.

68. A strong, efficient and responsive extension service will be developed by increasing the number and improving the skills of professionally qualified and technically competent extension staff to levels at which services can be rendered effectively while at the same time being manageable. The number of female extension workers will be increased through the provision of scholarships and recruitment programmes.

## Research

69. Increases in agricultural output and productivity will depend to a large extent on a strong and practical programme of research. Such a programme will be developed through a dynamic, multi-disciplinary, and holistic farming systems approach. Two different research objectives are required to ensure the efficiency and equity of agriculture. The first involves research to improve and diversify agricultural production in market orientated farming systems. The other involves a more complex research programme, based on multi-disciplinary inputs aimed at understanding local farming systems and farmers' priorities.

70. Demand driven research towards solving problems and exploiting opportunities in agricultural agribusiness and agro-industrial sectors will be adopted. Its aim will be to develop profitable and competitive business enterprises in line with environmental capacities.

71. To ensure that research is relevant to extension workers and communal farmers, the Government's agricultural research, extension, and training services will be closely coordinated. Research will be planned in collaboration with farmers, so that their needs, their socio-economic and environmental situation and their traditional knowledge and local practices can be taken into account. To understand and address the particular needs of women farmers, gender-sensitive research is of utmost priority.

72. A cost effective national agricultural research system, with an appropriate institutional and coordinating structure, focusing on decentralized adaptive research and on farm trials will be established and fully supported by the Government. Research will aim to produce practical technologies and advice for subsistence farmers to improve their productivity, food self-sufficiency and food security. The financial viability of agricultural technologies for smallholder producers will be ascertained and demonstrated before farmers are encouraged to adopt them.

Research into livestock and high value crop production will be undertaken to enhance their viability both communal and commercial areas. This will include research into agro processing, as well as the identification of domestic and foreign markets for agricultural products in collaboration with appropriate Government agencies and private initiatives. While most new research initiatives and resource allocation will be focused on the communal farming sector, the Government will continue to support research into commercial farming, particularly to improve its comparative advantage in the domestic and export markets.

73. Research to improve rainfed-farming systems, particularly focused on the restoration of degraded land and the introduction of drought resistant crop varieties will be pursued. Such research will be facilitated by improving access to technologies developed by international research initiatives. Similar collaboration will be employed in the conservation of genetic resources and the preservation of biodiversity. Research into indigenous food crops will also be supported.
74. Government research will be strengthened by providing adequate funds for recruiting and improving the technical capacity of qualified research staff. The capacity of researchers to implement adaptive research methods together with extension workers and farmers, and to set up demonstrations and training programmes to encourage the adoption of research recommendations will be strengthened. The existing network of research stations will be rationalized, and structural and institutional problems will be corrected to achieve the objectives of research efficiency and equity.
75. The Government will establish a national agricultural research coordinating structure, bringing together all interested parties, to evaluate on going agricultural research efforts, and to priorities and plan future research. While Government accepts the primary responsibility for agricultural research, private research initiatives will be encouraged.

#### *Veterinary Services*

76. The government will continue its commitment to maintaining and promoting optimal livestock health and production, and to ensuring continuing access to local, regional international markets for livestock and livestock products. The Government will implement both developmental and regulatory activities in accordance with legislation and directives relating to the livestock industry.
77. To support sustainable livestock production, processing and marketing, the Government will provide effective and efficient livestock disease control, meat hygiene, livestock inspection, epidemiological, diagnostic and extension and training

services. Livestock disease control and eradication will remain important goals of the Government's veterinary service.

78. In carrying out the above mentioned functions, increased attention in terms of staffing and funding will be allocated to the communal areas. Social emphasis will be placed on developing the institutions and physical infrastructure necessary to bring veterinary services to the communal areas. Animal health and production extension services will be decentralized to increase their accessibility programmes aimed at increasing livestock productivity and production will be developed involving the direct participation of farming communities and the private sector. Veterinary auxiliaries, guided by professional veterinarians, will be employed in the communal areas to provide advice on improved animal health care and on improving the productivity and profitability of livestock production.
79. The Government will continue animal health status zoning according to the demands and requirements of international markets. Measures will be adopted to improve the animal health status of the northern communal areas in order to allow for the eventual marketing of both animals and red meat on international markets. The Government will strive for improved veterinary controls in neighbouring countries in order to facilitate the access of the northern communal areas to international markets.
80. While the Government acknowledges its role in providing veterinary services, the farming community must also take responsibility for issues related to the health of the nation's livestock. Stringent veterinary control measures remain essential for maintaining the excellent international reputation of Namibia's livestock and meat exports, and for assuring the continued viability of these exports, and must therefore be regarded as a national priority.

### Human Resource Development

81. One of the prime movers to achieve the country's agricultural policy objectives is the development of human resources at all levels. To achieve this, the Government will support a system of agricultural education that will service the needs of the developing agricultural sector. Short vocational in-service training courses will be provided for farmers and farm workers. Farmers' training will be integrated into the operations of the extension service's existing Agricultural and Rural Development Centres. Agricultural education in primary and secondary schools will be strengthened. The institutional capacity to provide agricultural training at colleges and the Faculty of Agriculture and Natural Resources of the University of Namibia will be developed and strengthened. A national agricultural training accreditation system will be introduced.

82. The Government will encourage the participation of the private sector and NGOs in the provision of human resource development programmes which service rural communities. The Government will work jointly with other organisations in such programmes. Certain activities may be contracted to the private sector and the Government may support financially the provision of non-formal and vocational agricultural education and training private organisations.
83. The training of farm labourers, formally employed to commercial farms and in the communal areas, will be encouraged and supported. Employers will be expected to assume the responsibility for training their farm labourers in matters relating to their employment. In collaboration with farmers, farm workers' unions and the private sector, the Government will endeavour to provide vocational training for farm workers and retrenched farm workers, to equip them with other skills which will broaden their employment opportunities.
84. The Government will also endeavour to provide training to prospective commercial farmers, including communal farmers being resettled on commercial farms. Training programmes will also be developed by appropriate Government agencies and NGOs to promote non-agricultural rural income – generating activities, particularly those using agricultural products as raw materials.
85. Human resource capacity in the fields of agriculture and rural development will be developed in compliance with overall education, labour and human resources development policies, and through the collaborative efforts of relevant Government Ministries.

#### Legislation and Regulatory Services

86. All acts, other legislation and regulations concerning agriculture and natural resources development will be reviewed, and if necessary, repealed or amended to make them consistent with the country's agricultural policies and the requirements of international agreements. New legislation that may be required to implement agricultural policies will be prepared. Discriminatory policies and practices which result in barriers to market entry, inequitable access to credit and unfair trade practices through the exercise of monopoly powers and dumping will be revised.
87. The risks to the agricultural economy and fragile ecosystems arising from the introduction of pests and diseases and the importation of unregulated food, plant and animal products and fertilizers and agricultural chemicals will be reduced. This will be realized through effective plant and animal quarantine systems, strict implementation of agricultural legislation on soil conservation and resource management and by strengthening veterinary services and meat inspection systems.

88. To assure that food imports into Namibia are safe and of acceptable quality, the Government will adhere to the principles and guidelines of the Codex Alimentarius.
89. A commodities' export control system conforming to the standards of importing countries will be established. Mechanisms will be established to examine and certify export products. Through a collaborative effort of relevant Ministries, the Government will endeavour to remove all unnecessary red tape causing delays in certification and exportation. To ensure continued access to export markets, food processing will be subjected to internationally accepted hygiene standards. Abattoirs supplying the formal market will be licensed under the law, and will be required to meet minimum standards as laid down in meat hygiene regulations. All processing for export will comply with international standards according to the Codex Alimentarius. The commercial milling sector will also comply with minimum operating standards. Currently, controls mainly relate to the physical characteristics of the grain being milled and of the final product. In the future, processing will be required to meet minimum standards of local and export markets.
90. The government will remove unnecessary barriers to the development of informal sector activities by relaxing or modifying restrictive regulation on small businesses and services as far as they relate the agricultural sector. In order to safeguard public health, the removal of unnecessary barriers to market entry will be combined with food safety, phytosanitary, sanitation and educational programmes aimed at improving the hygiene standards of informal food marketing.

## **Agricultural and Agro-Industrial Investment**

91. The government will strengthen the complementarity and inter-dependence of the agricultural production sector with the agribusiness and agro-industrial sectors by promoting forward and backward linkages, and by prioritizing investment in agro-industrial development. The government will ensure that issues related to local and foreign investment in agriculture form an integral component of the Investment Code of Namibia. In addition to providing and favourable macro-economic environment and supporting technological efficiency, tax and tariff incentives will be used to boost investment in agriculture and the profit generation capacity in the sector.
92. The immediate objectives of the foreign investment policy as regards agriculture are to encourage the entry of foreign capital, technology and technical and management expertise, and to improve access to international markets. This will facilitate technology and skills transfer, and expand agricultural output and employment opportunities in the agricultural and agribusiness sectors.

93. The Government will encourage investments, which promote the expansion of value added enterprises. Processing enterprises will be promoted, particularly those developing vertically integrated and cross-sectoral linkages, for example tomato paste production for fish processing, and feed milling linking the crop and livestock sectors. The Government will assist agricultural investors, in accordance with existing and future provisions of the Investment code, provided that the technical, financial, economic and environmental viability of such investments are clearly demonstrated.
94. The government will provide investment incentives to the agro-related industries. Support will also be provided to encourage the establishment of wholesale and retail agricultural produce markets in strategic production and consumption centres. The development of rural industries using agricultural products as raw materials will encourage employment creation and progressive shifts in employment patterns from primary production to secondary industries based on agriculture. At community and household levels, efforts will focus on promoting improved techniques for small-scale storage and processing to local food supplies. These are recognized as particularly important issues affecting both supply and demand which can directly influence food production.

## **Agricultural Subsidies**

95. Subsidies to agriculture commonly comprise three types: subsidized services, subsidized prices, and subsidized credit. Such subsidies may be useful to achieve certain agricultural or socio-economic objectives in the short-term. In certain cases, the Government may subsidize agriculture for a longer period if it is seen to be in the national interest to do so. However, in general, long term or continuing subsidies will be avoided because of their tendency to cause distortions in the economy and to contribute to fiscal deficits. The impact of subsidies on production, food security, employment, income distribution and fiscal sustainability needs to be carefully reviewed and continuously monitored.
96. Subsidies that distort the prices of farm inputs and outputs, and discourage private sector investment and participation will be phased out. Subsidies will only be used to achieve social objectives and will be budgeted and accounted for in a transparent manner. In such cases, subsidies will be used cautiously in well-targeted programmes or poverty alleviation schemes. These will be designed particularly to address the needs of subsistence farming families, especially food insecure and chronically poor groups. Bridging subsidies must encourage the target groups to adopt more productive approaches to farming and to produce surpluses for the market.
97. Subsidies can also be a useful policy instrument to correct distortions caused by external factors through, for example, the provision of relief and rehabilitation

measures, such as subsidized food and materials, during natural disasters and other emergencies, and the setting up of loan guarantees and new financial instruments to cushion farming risks and uncertainties. Such subsidies will be specific and only of a short-term nature, so as not to create dependency but rather to promote self-reliance and a sense of responsibility among recipients.

## **Financing**

98. Access to agricultural finance is necessary to enable farmers with insufficient capital resources of their own to fund viable agricultural activities. Credit can enable farmers to obtain agricultural inputs, technology and infrastructure necessary to increase production and productivity. Farmers must be assured of equitable access to efficient financial services and responsive financing instrument.

99. In addition to credit facilities which are available to the commercial farming sector, the Government is supporting the establishment of a national agricultural credit and savings scheme. Its aims are to increase the capacity of communal farmers to produce marketable surpluses, to enable subsistence farmers to become surplus producers and to encourage subsistence farmers to increase production of foodstuffs they would otherwise have to purchase. The scheme will initially only address the need for financing investments in farming, agricultural processing and other agriculture related investment opportunities. Credit for rural enterprises not directly related to agriculture may also be provide under the scheme once it is well established, but only in close collaboration with other institutions involved in providing credit and support services in rural areas.

100. The Government will establish an efficient and sound agricultural financing system which will:

- Use interest rates on loans and deposits linked with those prevailing in the commercial sector.
- Mobilize savings from the public for the generation of loan able funds;
- Strengthen cooperatives and credit unions;
- Recognise and encourage informal sources of credit;
- Encourage competition among banks and financial intermediaries; and
- Improve the financial discipline of agricultural financing institutions.

101. Access to credit is far more important as a factor in determining the up-take of credit than the interest rate charged. By aligning the rate of interest closely with that reviling on the commercial money market, the Government will ensure that the credit programme itself will not have a negative impact on the national financial system, and will enable competitive rates of interest to be paid on savings deposits.

102. Furthermore, the government will facilitate the development of savings and credit cooperatives, and will create a favourable financial environment to encourage the commercial banking sector to participate in the provision of agricultural financing services.

## Credit

103. The Government supports the provision of credit to all farmers, regardless of gender, and to unemployed youth throughout the country. The Government will change the marriage legislation to enable married women to have access to credit in their own right.
104. Most agricultural credit operation can be efficiently carried out by private financial institutions including savings and credit cooperatives and credit unions which will be promoted. If some poor rural households are shown to be ineligible to receive loans, the Government will endeavour to provide other support targeted to meet their specific needs.
105. Credit alone will not be used as a policy instrument to lead agricultural development. Credit cannot make unprofitable projects viable. Its real role is to support development in such a manner that finance will flow unimpeded, and in adequate quantities and at the right time to the most viable agricultural projects. A demand-led, supervised credit system will be anchored on the viability of agricultural investment projects. A credit system that is linked with production technology and markets requires competitive technological packages arising from access to adaptive research and extension, product processing and marketing services.
106. The government has entrusted the Agricultural bank of Namibia with part of the loan capital required to implement the national agricultural credit programme. Other financial institutions will be brought into the scheme in the future when interest is shown. Loan recovery and the sustainability of the financing institutions will be the guiding principles for Government supported credit programmes. The Government supports the principle of operational autonomy of financing institutions in the provision of both agricultural credit and loan recovery.
107. The operational costs of providing credit to smallholders nationwide are high. The small average loan size and the time needed for loan officers to elicit the actual needs of the farming community necessitate high staff, administration and transport costs per unit of funds disbursed. If all of these cost items are included in the calculation of the rate of interest, the cost of credit would be significantly higher than existing commercial rates. For this reason, the policy of the government will be to ensure that the operation of the Agricultural Bank of Namibia are financially sustainable. Where

in the national interest it is decided by the Government that interest rates should be subsidized, funds, will transferred to the Bank to the value of that subsidy. The Government will also explore the provision of guarantee mechanisms for the loans which have been granted.

108. In exceptional cases, the government may make subsidies available for special targeted credit schemes. The government may also, on application, guarantee specific loans where collateral requirements cannot be met. Such subsidized credit programmes also require commercial interest rates to ensure the financial viability of the financing institutions. Subsidy mechanisms will target economically disadvantaged groups who will be encouraged to increase subsistence production of foodstuffs they would otherwise have to purchase, and to produce marketable surpluses to improve their food security and income, and so enable them eventually to join commercial credit programmes. The costs and benefits of these subsidized credit schemes will be closely monitored in order to guide future policy and operational decision making.

109. Farmers wishing to use credit must be trained and advised to improve their financial management skills, including their understanding of budgets and cash flows, the role of interest rates and the need to repay loans if credit is to be available again in future years. The Government will facilitate, and may sometimes subsidize, the costs of training in order to reduce the burden on financial institutions. NGOs and the private sector may also be involved in these activities.

### **Saving Mobilisation**

110. The Government acknowledges the limited incentives and opportunities which currently exist for saving money in the communal areas, and therefore the need to encourage savings by the rural population. Savings mobilisation will reduce the reliance of banking institutions on external sources of finance. This will also have a positive effect on the way in which banking institutions are perceived by those taking loans, since savers and borrowers are the same people at different points of time in the same community. Banking institutions will know their clients and thus can reduce loan transaction costs. Furthermore, farmers with savings can often finance small investments from their own resources, so that loans become orientated to bigger investments carrying lower transaction costs per unit of funding disbursed. Savings in the form of livestock can be converted into cash savings in banks which can be used for lending to viable agricultural projects.

111. It is recognised that a savings component will add to the banking institutions workload, and may thus place a strain on their personnel resources and operating costs. This may be a particularly serious problem in the initial stages of developing

the national agricultural credit programme. In spite of these reservations, the Government will remove legal and regulatory constraints to savings mobilisation to encourage savers to deposit their money in banking institutions. In addition, self-help groups, savings and credit cooperatives and private organisations will be supported to mobilize rural savings. The concept of a savings based lending scheme and the process of linking banks with community initiatives will be studied and possibly demonstrated.

112. A related concern is the current practice of investing savings from non-agricultural activities in livestock. This creates severe competition for grazing with those farmers who depend entirely on agriculture for their living. The Government will promote the development of rural savings and investment opportunities as an alternative to investing in livestock in an effort to discourage this practice. It will also improve livestock marketing infrastructure and trading operations in the communal areas.

## **Agricultural Taxation**

113. Taxation applied to the agriculture sector will be rationalized. Taxation, in general, alters the prices and revenue received by producers and constrains food security objectives. The Government will move away from taxation in the form of duties and levies on agricultural inputs, in favour of taxing income and land. The Government will also consider tax incentives as a drought-coping mechanism. The tax system will be fair and simple to administer. The Government will review all taxation laws and regulations in order to institute essential tax reforms that will maximize revenue and tax efficiency, and will ensure growth and equity in the agricultural sector.

## **Farm Input Supply**

114. Agricultural input prices are of vital concern to the farming community, as they constitute a major factor determining the costs of production and ultimately the profitability of farming activities. Farmers must have ready access to farm inputs such as seeds, agro chemicals, mechanical and animal power, animal feeds, licks and drugs and other materials and equipment. The costly provision of Government ploughing and input distribution services, and input subsidies, that benefit only a small proportion of the disadvantaged smallholders in the communal areas, will be phased out. The objective of the Government's agricultural input policy is to support the

private sector to ensure that adequate inputs are made available to all farmers at the right time and place, at competitive prices, and that, to the extent possible, they are used correctly and at the optimal time.

115. When considering the setting of common external tariffs within the Southern African customs Union (SACU) arrangements the Government will make a strong case for low tariffs on farm inputs. In general, tariffs on inputs used in domestic production should not exceed, on average, the protection provided by the tariffs on outputs. Higher tariffs levied on the inputs will reduce the level of assistance afforded to the producer. Low tariff levels will ensure a competitive input supply sector, particularly in South Africa which is the main source of Namibia's agricultural inputs.
116. A further anomaly in the agricultural input sector is the current application of an additional sales duty of five per cent on a range of agricultural inputs. Apart from the effect of such taxes on the price of the final product, their application represents a disincentive to production in a situation where other policies are being applied to promote production. This will be examined by the Government with a view to rationalizing the issue. Policy measures will remove price distortions and improve the comparative advantage of the agricultural sector. Foreign investment in agricultural input industries, particularly those dealing with seeds, planting materials, breeding stock, plant and animal nutrition, crop protection and animal health services will be encouraged.
117. The use of environmentally – friendly farm inputs and technologies will be actively promoted by the Government. These include the utilization of organic fertilizers, and integrated plant nutrition and protection schemes including integrated pest management. Supervision will be strengthened to ensure that ineffective and dangerous chemicals, including those which threaten the environment and human health through secondary use, are not imported or improperly used.
118. The Government's policy on seeds is to supplement the private sector's efforts to ensure the availability of staple food crop seeds in times of critical shortages. The Government will endeavour to increase seed accessibility in general, as well as the availability of improved seed varieties, particularly drought tolerant and early maturing varieties, and safeguard genetic purity and variation in key crops. Seed production and distribution systems will be carefully handed over
119. Land clearing and preparation is considered an important input constraint which must be addressed. The Government will promote private ploughing services and the establishment of private tractor maintenance facilities in rural areas. However, highest priority will be placed on the promotion of animal draught power. The utilization of draught animal power and appropriate farm mechanization technology to address seasonal labour shortages and raise the productivity and profitability of smallholder production systems will be fully supported. Promoting the use of improved animal draught technologies for soil cultivation and weeding will receive priority attention

from Government research, extension and training services. The increasing demand from farmers should stimulate the private sector to produce and stock draught equipment and implements.

120. The high prevalence of bush encroachment in some areas is a matter of great concern for the agricultural sector. The Government will promote labour-intensive and private sector initiatives, which utilize bush products, and will establish mechanisms to support farmers in combating bush encroachment effectively over both the short and long-term. The Government will further endeavour to ensure that appropriate bush control technologies and inputs are available from the private sector at the lowest possible prices. Research and advisory services to farmers on biological and technical issues relating to bush clearing and utilization will also be strengthened.
121. The demand for farm inputs is sensitive to their price. Input subsidy programmes would promote farm input usage, but, with the increased use of inputs, subsidies are also likely to be a fanatical liability for Government. Input subsidies must be used in a transparent manner and serve programmes targeted at increasing production and productivity in subsistence farming. The Government will monitor the profitability of using agricultural inputs and will consider the costs and benefits of any input subsidy. Inputs subsidies must not distort the relative competitiveness of agricultural enterprises. It is also important to monitor input output price relationships, and to make medium-term projections in this regard for existing and prospective investors in agriculture. In view of the Government's objective to improve the profitability of agriculture, input subsidies will be phased out gradually to avoid adverse effects on farm output, income and self-reliance.

## **Pricing**

122. The Government recognises that traditional instruments of agricultural pricing policy, such as output price fixing, guaranteed prices and price controls create market distortions. In addition, in many cases they are ineffective particularly as they affect farm income and household food security. While price fixing may have improved incomes of commercial producers, they are considered to have adversely affected the conditions of communal farmers. Government policy will place emphasis on improving factors which contribute to household food security, particularly the affordability and the accessibility of basic food items on a year round basis.
123. Government intervention in the pricing of farm inputs and outputs will be phased out in favour of policies directed towards the achievement of improved production efficiency and stability, therefore, will shift from direct interventions to facilitating agricultural development through appropriate development interventions.

124. While the Government will allow market forces to determine the prices of domestically produced and imported food and agricultural products, it will ensure farmers of improved and timely access to price and market information. Computerized databases will be established for monitoring and reporting price movements of major staple foods for household food security purposes. Producer prices will be monitored and reported to ensure that farmers receive fair and equitable prices through improved access to price and market information.

## **Marketing**

### Domestic Marketing Systems

125. Agricultural marketing systems must ensure equitable market access for all participants. The Government will facilitate the creation of an environment that improves the efficiency of markets in order to reduce costs and increase demand. Such conditions are necessary for realizing the full potential of agriculture's contribution to meeting the needs of society and achieving balanced economic development. Government support to agricultural marketing will be largely aimed at addressing shortcomings in the service structure, the market environment and market mechanisms. Direct intervention will be limited to the correction of market imperfections and socially- unacceptable effects.

126. The major role of the Government in market development will be to develop an efficient market information collection and dissemination system. This will provide timely and accurate price information for the farming community, particularly the communal farmers, to enable them to respond more positively signals from the markets.

127. The marketing needs of small-scale farmers will receive special attention. Their success in improving production for the market depends on, amongst other things, the provision of rural infrastructure and marketing support services. The Government will assist local communities and private enterprises by creating a favourable policy and investment environment in which small-scale farmers have access to affordable marketing services and facilities.

128. Marketing of controlled products has, up until now, been the responsibility of the marketing boards. The Government acknowledges the limitations of the current single channel marketing systems and supports free and multiple channel trade in agricultural products to improve competition and productivity. The Government further acknowledges that the marketing needs of the communal farming sector have been neglected, and intends to redress this situation. With these considerations in

mind, the Government will critically review and monitor the functions and effectiveness of the marketing boards. Their capacity to effect an increase in agricultural production throughout the country, their ability to benefit the majority of consumers in terms of improved food security and their influence in promoting effective competition in the market place will be assessed with a view to realigning their future role according to demands of agricultural policies.

### **Export Marketing Systems**

129. As an exporter of livestock and livestock products, Namibia is a price taker. Prices received by farmers reflect the prices prevailing in export markets. South Africa is the main export market for meat; here prices have been well above world averages. Favourable trade arrangements will be maintained with South Africa subject to complying with international regulations. The European Union provides an alternative market for beef exports. Assuming it remains a profitable market, efforts will be made to ensure that the annual beef quota, which is eligible for tariff rebate, is taken up. The implementation of the new international regulations under the World Trade Organisation (WTO) should mean an opening up of new markets which will, however, be highly competitive. To counteract a possible decline in access to preferential markets and a possible decline in red meat export price, which may result from the implementation of the WTO regulations, the Government will facilitate private sector initiatives in exploring alternative red meat export markets.
130. Competition helps to ensure that farmers receive fair prices and at the same time that processing concerns remain efficient. At present, competition to the Meat Corporation of Namibia (Meatco) is provided by local abattoirs and live exporters. While the Government would prefer to achieve maximum value-added within Namibia, its policy will be conditioned by the desirability of maintaining global competitiveness. The majority of small stock is currently exported live to South Africa. The Government will provide incentives to encourage the domestic processing of these animals. Recognising that Karakul farming is ecologically well adapted to the more arid regions of the country, the Government will support the Karakul Board, in its value-added processing endeavour and in the promotion and marketing of furs and garments, and providing appropriate financial incentives, the Government will encourage local processing to provide opportunities for value-adding, employment and enhanced foreign exchange earnings.
131. The government will promote the diversification of export products, and will encourage their export to as many countries as possible. The government will ensure that the majority of farmers, particularly those from the communal areas, benefit from the country's agricultural export markets.

## **International Trade Agreements and Tariffs**

132. The Government will promote favourable bilateral, regional and other international trade agreements and comply with global trade regulations under the WTO and regional regulations under the Southern Africa Customs Union (SACU). The implementation of the WTO rules and SACU agreements presents challenges and opportunities for the agricultural sector. The liberalization of trade in agricultural commodities is the principal objective of the WTO rules, which took effect on 1 January 1995. This will be achieved by the replacement of quantitative restrictions to trade with border tariffs.
133. Tariffication, as a mechanism to provide protection to the national economy and particularly the agricultural sector, will be applied as uniformly as possible to different sectors and products, as not to bias resource allocation and thus cause inefficiency. Levels of protection will be high enough to encourage import substitution, but not so high as to discourage improvements in productivity and efficiency which would make domestic producers uncompetitive in world markets.
134. Under the SACU Agreement a common external set of tariffs will be applied. The application of tariffs to commodities which up until now were imported duty-free will have the effect of supporting domestic producer prices above world market prices. Such tariffs could, however, have an adverse impact on food security, particularly in the case of the staple foods, such as maize and wheat, by raising consumer prices. In such situations, Namibia will negotiate within the SACU for moderate rates of tariffs or, alternatively, for the use of tariff rebates.
135. Producers' and processors' concerns at the risks of commodity "dumping" into the SACU, and unfair competition within the SACU, will be addressed through renegotiation of the SACU Agreement. The Agreement will adopt strong anti-dumping provisions which can be effectively enforced. Likewise, rules for trade within the SACU will ensure fair competition for producers and processors throughout the region. Predatory pricing, which stifles competition and leads to price distortions, will also be the subject of negotiations.
136. To enhance the implementation of free trade and fair competition principles, trade barriers, in the form of restrictive legislation, regulations and practices, will be removed. The Government will consult with the private sector on matters concerning agricultural trade, tariff and taxation policies, and the Ministry of Agriculture, Water and Rural Development in bilateral, regional and international trade negotiations affecting the agriculture and rural sectors. The Government will continue to renegotiate favourable terms and conditions governing its continued membership of the SACU and the Common Monetary Area. In so doing, it will emphasize consideration of the impact of implicit taxes and subsidies under the SACU Agreement, as well as effective means of protecting the agricultural sector, and the impact of continued membership of these organisations on all Namibians.

## Chapter 4

### RELATED RURAL DEVELOPMENT AND CROSS-SECTORAL ISSUES

137. The Ministry of Agriculture, Water and Rural Development is fully aware that rural development and cross-sectoral issue related to agriculture required policy guidelines which are not directly under its mandate nor control. Strong inter-agency cooperation and effective coordinating mechanisms are therefore essential in policy and strategy formulation, and execution. In this regard, the Ministry will cooperate closely with lead and support Ministries in formulating and implementing cross-sectoral policies on such issues as irrigation and water development, rural and regional development, sustainable natural resource management, land use the land tenurial security, rural infrastructure, food security and nutrition and drought and disaster management.

### Irrigation and Water Development

138. Water is scarce resource in Namibia. Perennial rivers are limited to those along the northern and southern borders of the country. Underground water resources are extremely limited and water quality is often affected by high salinity/ water shortages in many parts of the country have already reached alarming proportions. Underground water resources are being dangerously depleted. The Government's priority for sustainable water development is to improve the availability and quality of water for domestic consumption. The second priority is water for industrial use, followed by water for agricultural and other uses.

139. As a result of water shortages, irrigation is presently limited to about 6,500 hectares of land. Considering water accessibility and soil suitability, it is estimated that a maximum of 32,000 hectares hold potential for future irrigation. Exploiting this potential requires the development of inland water catchments and the use of river water along the borders. Access to the latter depends on agreements between riparian neighbours and water users in other sectors. The Government therefore regards agreements with neighbouring countries pertaining to the utilization of river water as a high priority under the regional cooperation programme of the Southern African Development Community (SADC). Fair allocation of water between neighbouring countries will be ensured through long-term international water quota or sharing agreements.

140. Currently irrigation schemes mainly produce cereals and fodder crops rather than high-value crops. This suggests an uneconomic use of scarce water resources. In part, this is due to the failure to apply appropriate water tariffs to encourage its economic use. The production of high-value crops, as opposed to cereal and fodder crops must

be emphasized in irrigation initiatives. Irrigation projects should be implemented only where they are economically viable, technically feasible and environmental impact assessments and cost-benefit analyses resulting in favourable internal rates of return, irrigation schemes will not be encouraged.

141. Large-scale irrigation systems depending on pumped water are usually costly undertakings that generally requiring high levels of subsidization. Experience in other African countries indicates that large-scale pumped irrigation has been a cost-effective way of providing employment and incomes for rural families. Low –cost small-scale irrigation, using appropriate technologies, holds greater promise. The Government will therefore encourage the use of cost-efficient irrigation methods that use low volumes of water to maximum effect, coupled with a pricing policy based on the scarcity of water and the long-term environmental sustainability. Public investment in irrigation for poor and food-insecure farmers may be provided when economically and socially justified. The use of cost-effective and low- cost irrigation methods, such as, but not limited to, community-based mini-dams or catchments basis for water harvesting and micro-irrigation techniques including drip irrigation cum mulching methods, will be encouraged through investment incentives.

142. The Government will formulate strategic plans to implement the most cost-effective and economical approaches for developing small-scale irrigation systems. Micro-irrigation, water storage, and water harvesting and conservation practices will be given priority. The Government will focus attention of the following broad policy and strategic guidelines for future irrigation development:

- Minimising direct Government intervention in irrigation schemes by encouraging private sector involvement, and by promoting the principle that water users themselves should pay for the operation and maintenance of irrigation schemes;
- Increasing the participation of women and unemployed rural youth in irrigated agriculture;
- Providing research, training and extension services to farmers using irrigation;
- Minimising adverse public health consequences arise from irrigation development; and
- Training of planners and irrigation engineers to plan and implement irrigation projects.

143. The Government will establish a suitable institutional structure to regulate and manage irrigation on a national basis. Regional irrigation boards, including representation by both local farmers and officials from relevant Ministries and agencies, will be considered. This will enable the decentralized management of irrigation schemes and more effective collection of water user fees.

## **Rural and Regional Development**

144. Namibia's rural dwellers are generally poor because they possess limited productive assets. There is hunger in the rural areas as a result of low levels of food production, limited employment opportunities and inadequate purchasing power. The rural poor suffer from malnutrition due to unreliable access to sufficiently nutritious food. They need secure rights to land, access to credit and productive assets, access to knowledge and skills in farming and alternative employment opportunities and access to a range of development services and producer support programmes. The objective is to increase the productive capacities and improve the living conditions of poor farm households and food insecure groups.
145. Agricultural and agro-industrial development, being the engine of growth for rural development, will be effectively linked with a sustainable rural development process. The Government will formulate effective rural development policies, strategies, and institutional arrangements, through a participatory planning process at the national and regional level. Close collaboration with NGOs and the private sector will be pursued to address the growing problems of rural poverty, food insecurity, unemployment, and unequal income distribution. The Government will advocate policy initiatives which will improve household food security and increase the demand for labour through the broad-based labour intensive growth in agriculture, agro-industry, and related sectors. It will also focus concerted programmes of social expenditure on improving access to basic health and education services. A system of targeted resource transfers and safety nets for those who may not benefit from other measures will also be established.
146. The coordination of rural and regional development policies, programmes, and projects has not yet been rationalized and the mandates of lead Ministries and coordinating institutions have been unclear. The Government will consider practical ways of integrating and coordinating rural and regional development policies and programmes. These will include initiatives to give greater autonomy and responsibility to local government authorities for decentralized development planning and management of natural resources. Regional determine and exploit the relative comparative advantages of each of the thirteen regions. Such policy measures will be aimed at promoting equitable development, household food security and improving the rural poor's employment and income levels, and to reduce regional disparities in development.

## **Sustainable Natural Resource Management**

147. Agricultural growth will not be pursued at the expense of the environment. All Namibians who benefit from the country's natural resources are custodians of, and must accept responsibility for, their sustainable management. The Government will

ensure that sound agricultural and macro-economic policies and a conducive investment climate encourage efficient and sustainable resource use. The Government will, where possible, devolve decision-making power and resource management initiatives to the lowest possible local level. People's empowerment will be promoted to enable rural people to have control over the identification of problems, opportunities and solutions, and the planning, implementation and monitoring of sustainable development initiatives. The Government will support the development of local institutions comprised of, and accountable to, the resource users, to enable them to gain control over the management of their resources.

148. Agricultural resources include land for cultivation and grazing, underground and surface water resource, flora, wildlife and livestock. The Government will provide, through interdisciplinary approaches, advice on complex agro-environmental issues in response to locally identified needs. The Government will call on those engaged in the agricultural sector, and other natural resource use sectors, to assist in the formulation and implementation of a national resource use strategy. This will concentrate first on human resource development in order to promote sound resource management, second on research into ecologically sound management standards, and systems for sustainable rural development and third on implementing such systems.

149. The Constitution provides for securing the welfare of the people through the adoption of policies which will conserve and maintain ecosystems and essential ecological processes by ensuring the utilization of the country's natural resources on a sustainable basis. The Government recognises that the past colonial neglect and socio-economic policy environment are primarily responsible for poor resource management strategies. The Government will address the serious problems of desertification and environmental degradation caused by destruction of forest cover, soil erosion, overgrazing and bush encroachment. It will do so by strictly implementing environmental policies, and by incorporating environmental considerations into the socio-economic development and political process, as elaborated in Namibia's Green Plan. Environmental impact assessment studies and related regulatory sanctions will be fully considered, particularly when opening up new agricultural areas or when new land use activities are being planned. To counteract the negative impact of bush encroachment on the long-term viability of livestock and wildlife systems, the government will promote the establishment of economically viable and environmentally friendly bush cleaning and utilization industries. The Government will promote agricultural entrepreneurship and sustainable farming systems that ensure that arable agricultural areas and rangelands are protected against excessive utilization and environmentally damaging overstocking of livestock.

150. Namibia's Green Plan contains environmental policies for Government action and proposes that:

- Agricultural policy be innovative and include land use options which are compatible with the country's fragile eco-system;

- Major environmental extension and training programmes for all farmers be initiated to avoid environmental degradation; and
- Increased funds be provided for relevant agro-ecological research and environmental monitoring

To achieve these, the Government will monitor the management of agricultural land, the development of agroforestry, aquaculture and eco-tourism enterprises and effectively counteract the desertification process, through coordinated inter-ministerial structures and initiatives.

151. There is tendency in the commercial farming sector to take short-term profits at the expense of the environment and the long-term productivity of land. The rapid degradation of commercial and communal grazing land has been caused by overgrazing, deforestation and bush encroachment. To protect the nation's agricultural and water resources, the Government will critically review the existing Conservation and Utilization of Agricultural Resources Act (Soil Conservation Act) and other relevant legislation relating to environmental protection and natural resource utilization. This includes legislation pertaining to the use of pesticides, chemical fertilizers, quarantine regulations and phytosanitary certification. The impact of such legislation on overgrazing, soil erosion, water pollution, bush encroachment, deforestation and desertification will be stressed. Due consideration will be given to provisions currently constraining development and corrective policy measures. The implementation of the Environmental Impact Assessment Policy will also be strictly enforced.
152. Communal farmers pay nominal user fees to traditional authorities, but little capital is invested in the land itself due to the absence of registered land user rights or land ownership, and practically no access to credit. To safeguard the environment, the Government will introduce natural resource user fees. Income generated from the collection of user fees will be used for promoting sustainable agricultural development and resource management by local communities. An important component of the policy for the communal areas is the establishment and strengthening of common property resource management systems and institutions. Communities need security of land tenure, exclusive user rights and the right to control land user fees themselves.
153. Groundwater resources are being depleted faster than they are being replenished. Water is common property, and if the full economic costs of reducing water tables are not paid for by the users, scarce water resources will continue to be depleted. The Government will promote an integrated approach to agricultural development and water utilization. Water related policies already make provision for cost recovery from the users of bulk water supplies which will encourage optimal use of water for irrigation and other uses.
154. Information concerning woody biomass resources is limited and unreliable. Under these circumstances, the Government's policy will not only be concerned with the

suitable utilization of woody resources, but also with the maintenance of the ecological balance which is vital to the sustenance of all life forms. The Government will enforce laws and regulations on the protection of existing forests and the demarcation of new forest reserves. It will also promote sustainable utilization of forest resources including the use of alternative sources of energy. The Government will promote social and community forestry, farm forestry, afforestation and reforestation activities. Such practices will be actively promoted as a means of diversify farming systems, to improve water catchments management, to enhance land productivity, to increase farm incomes and to reduce the pressure on rapidly dwindling indigenous forests.

## **Land Use and Tenurial Security**

### **Land Use**

155. Sustainable resource utilization depends on appropriate land use. The government will ensure that all agricultural land, privately-owned and communal, is sustainably utilized and productively developed. Communal and commercial farmers will be encouraged to increase land productivity and to put idle and under-utilised land to more productive use. Idle and under-utilized Government controlled land will be prioritized for the resettlement of landless and economically-disadvantaged peoples. Resettlement farms will be assured of receiving effective agricultural support services to facilitate their successful operation. The Government will develop and introduce educational and information programmes which will assist farmers to prevent the misuse of land. These combined efforts will not only contribute to national food security and agricultural export growth, but will also help to increase rural employment and income generation and thus alleviate poverty.
156. There is limited land available for agriculture. Future increases in production will, therefore, depend to a large extent on increasing productivity and on sustainable land use. Rangeland carrying capacities and strategies for arable and use will be examined with due regard to the differing objectives and values associated with farming in the commercial and communal areas, and considering regional and temporal variations in rainfall and productivity. The promotion of sustainable agricultural development will be based on the identification of agro-ecological zones defined in terms of climatic, soil and vegetative factors. This information will be used to advise farmers on the application of sustainable land use systems, and on improving the capacity of agricultural resources to support human populations.
157. The government accepts that smallholder farming is the means by which the benefits of agriculture can best be shared amongst large numbers of people in an equitable and sustainable way. In the northern communal areas, smallholder arable production will be encouraged to ensure food security at the regional and household level. The Government will also assist communal farming families in the arid and drought prone southern, western and eastern regions through livestock and non-farm

Enterprise development initiatives. The use of arable and rangeland in the communal areas by large-scale operators will be regulated, and will only be allowed if it can be proven that smallholder development would benefit from such operations.

158. The government will promote the diversification of land use systems to include the production of high value crops where economically viable. Small shifts in land use patterns can yield relatively large changes in income and employment. In addition, the government will encourage the diversification and integration of agricultural and uses with wildlife use, eco-tourism, forestry and agroforestry, aquaculture and the use of other resources.
159. When intensive agricultural development projects, such as irrigation schemes and the cultivation of virgin lands, are considered, cognizance will be taken of existing mineral rights that have been registered over land. Where land is already utilised for agricultural purposes, and an economically exploitable mineral deposit is found on that land, the owner of the land, by virtue of the Minerals Act of 1992, is entitled to reasonable compensation for the land to be used for mining purposes.

#### Land Tenure and Distribution

160. Private land ownership will be respected in Namibia, but this system can only operate if land is used in socially and environmentally responsible and productive ways. Access to land is limited and highly uneven. In order to address the country's land problem, the Government will broaden access to land at an acceptable pace and without jeopardizing real agricultural growth, productivity and the sustainable use of nature resources. In this endeavour, the Government will fully implement the land distribution system defined in the 1995 Agricultural (commercial) Land Reform Act. This Act provides for, amongst others things, the acquisition of land by the State for the purposes of land reform and for the allocation of such land to citizens who do not own or otherwise have access to any or adequate agricultural land, being foremost those who have been socially, economically or educationally disadvantaged by past discriminatory laws or practices. The government has already implemented a number of settlement schemes for the landless, and will investigate additional policy measures and strategies to broaden access to land for the poor and the landless. The Government will ensure the provision of adequate and timely funding for the land reform programme.
161. The Agricultural (Communal) Land Reform Bill will facilitate the implementation of a flexible and tenure system in the communal areas. This will enable communal farmers to have security of tenure, improved access to credit and to adopt sound resource and environment conservation practices. The overriding aim is to pursue sustainable agricultural development and viable alternative land uses. Under the Bill,

The Government will propose the empowerment of local communities and indigenous cultures to administer land use and natural resource management in their areas. This will be done through the establishment of Regional Land Boards which will be responsible for land allocation and administration and for promoting sustainable land utilization. As most communal farmers are women, the specific issue of access of rural women to land will be given priority consideration. Recognising the variable systems of inheritance practiced in Namibia, the Government will review and amend inheritance systems which currently discriminate against women. The aim will be to increase women's tenurial security in their won right and to enable them to have control over land and other resources.

162. The Government is aware of the emergence of conflicting claims to the use of unoccupied land in the communal areas. This has taken place in two main forms. First, arable and seasonal grazing land is being fenced off and de facto privatized. Second, scarce riverine land is being sought for capital-intensive commercial irrigation schemes. The government will formulate enforceable land use and tenure policies to control access to unutilized and under-utilised communal land. For example, to discourage the over-utilization of natural resources in the communal areas, a natural resource user fee system will be introduced. Such policies will facilitate the implementation of well-planned integrated agricultural development and settlement schemes, leading to more equitable agricultural development.

163. Policy guideline will be incorporate into the Agricultural Land Reform Acts governing land sub-division by way of inheritance and other land distribution systems. Despite the increasing pressure which population growth is putting on the land, limits will be put on farmers wishing to sub-divide and fragment commercial farmland. Sub-division of commercial farm land will be allowed in order to broaden access to land, but only on condition that appropriate provision is made for the maintenance of farming units of an economically viable size and the long-term sustainability of natural resources and agricultural production on the land. A land tax designed to raise farm productivity by discouraging overly-large and multiple agricultural holdings will be considered in accordance with the provisions of the Agricultural production and private sector investment in agriculture which might arise from such a process will be avoided.

164. The Government will relieve pressure on the communal lands by encouraging those communal farmers who can afford to buy freehold land to do so. Mechanisms will be established to ensure that those purchasing freehold land renounce their traditional grazing rights in communal areas. The provision of credit on concessional terms for the purchase of commercial farm land will be continued by the Government as far as financial resources will allow. The Government will strengthen research and advisory extension services to those communal farmers moving into the commercial sector. The government as also aware that the present system of providing a range of subsidized or free services to the communal areas discourages large-scale communal farmers from moving into the commercial sector. The Government will provide

services to large-scale communal farmers on the basis of cost recovery as the provision of subsidized services is gradually phased out.

## **Rural Infrastructure**

165. The development of market centres in communal areas will be encouraged in order to bring farming inputs, and the market economy in general, into closer reach of farming communities. By improving roads, transport facilities and communications to these marketing centre, access to essential agricultural inputs and output markets will be facilitated. Given reasonable prices for their products, and improved access to input markets, more farmers will engage in surplus production for the market, and so become more closely linked to the monetary economy. The Government will accord priority to investment in rural infrastructure which facilitate the integration of communal areas into the mainstream of the national economy. A labour-intensive approach to infrastructure development will expand employment and income-earning opportunities.

166. Another critical issue in improving marketing channels is the reduction in transport costs. Past excessive and restrictive regulation have resulted in unnecessarily high transport costs. In this context, the Government will pursue the deregulation of the transport industry to encourage effective competition with the aim of decreasing transport costs. Public and private sector investment in the development of efficient and cost effective rural transport and market centres will be intensified through budgetary support to essential infrastructure facilities. Restrictive laws, regulations and practices that constrain the development of rural infrastructure, small businesses, and agro-industries will be repealed without compromising minimum operating standards, health, hygiene and veterinary regulations.

167. The Government will priorities the establishment of suitable infrastructure for animal disease control. It will also implement measures to stop animal diseases spreading across borders so that, in due course, the disease free buffer zone can be moved to the northern border. This will improve market access and the economic well being of livestock farmers in the northern communal areas.

## **Food Security and Nutrition**

168. Food security and nutrition issues will be considered, along with other issues, in the formulation of strategic guidelines and the panning and implementation of agricultural and related initiatives. The aim will be to ensure and adequate supply of, and economic access to, essential and nutritionally-balanced foods among the population, particularly by poor families and farm households. The government is committed to implementing the multi-sectoral and multi-disciplinary Namibian Food and Nutrition Policy and the associated Food Security and Nutrition Action Plan.

169. The Government will pursue food self-sufficiency objectives only to the extent that it is financially rewarding and economically viable to do so. More important will be efforts to improve household food security and to promote improved food consumption of poor families. Food availability will be improved through increasing agricultural productivity and overall production, providing local storage capacity, and by developing competitive import and domestic markets. The government will encourage the maintenance of strategic grain reserves by the private sector at the national, regional and household levels. The Government will also consolidate and strengthen food commodity surveillance and reporting systems, and the national drought management capacity.
170. Closely related to the issue of food security is that of poverty alleviation in rural areas. Household food security is not determined by total food availability but by individual and household access to food throughout the year. The Government will ensure that all people have adequate access to the foods they require. This will be pursued by providing support services to promote household food production, particularly serving poorer farmers and specific vulnerable groups, and by improving the efficiency of food supply markets and so lowering food prices. Moreover, labour-intensive public works and rural infrastructure development programmes and food aid schemes aimed at assisting the chronically food insecure and those vulnerable food insecurity in times of drought will be designed and implemented. The Government will focus on agricultural and rural development programmes that raise the income of poor households which will contribute to ensuring food security at the household level.
171. The government will continue policies to improve access to food imports and to limit State involvement in private grain storage and trading activities. The Government will pursue progressive policies against the rationing of foreign exchange, restrictive import licensing, monopolies of food import and practices causing low real producers' prices.
172. There are no quick means of alleviating poverty and food insecurity. The key lies in raising the productivity of the poor through investment in their human resource development, and in creating employment opportunities which make efficient use of labour, their most abundant asset. The Government will, therefore, promote policies and strategies which increase the demand for labour through a strategy of broad-based labour-intensive growth in agriculture, agro-industries and related sectors. It will continue its concerted programmes of social expenditure to improve the poor's access to basic health and educational services with a view to increasing their productivity and improving their living conditions. A set of mutually supportive, well-targeted transfers and safety nets will be provided for those who may not benefit from other measures. The Government will also explore the possibility of restructuring the system of social security consisting of state transfers including pensions, with the aim of providing greater assistance to the poor.

173. In order to develop more effective programmes to address the fundamental causes of chronic food insecurity, and to provide effective relief programmes, research will be undertaken into household food consumption patterns among vulnerable groups nationwide, and into related socio-economic parameters in the rural areas. This research will not only establish the number and nutritional status of the poor, their location and means of livelihood, but also will also consider such issues as population growth, migration, on –farm and off-farm income, age groupings, and gender structures. Such research will help identify the varied support needs of the rural poor and the ways in which they are changing over time.

## **Drought and Disaster Management**

174. Namibia, being an arid country and having highly variable rainfall, is drought prone. This makes rainfed agriculture risky and uncertain. The Government recognises that drought is a normal phenomenon within the agricultural sector, and hence that there is need to develop responsive mechanisms for reducing vulnerability to drought by instituting drought preparedness and management mechanisms at the national, regional, community and farm household levels. The Government will address vulnerability to drought and natural disasters through long-term drought preparedness planning. This includes the institution of emergency management systems with special emphasis on appropriate relief and rehabilitation mechanisms.

175. The government will provide adequate budgetary allocation to deal with the occurrence of drought and other calamities, to strengthen joint Government and private sector drought and disaster management mechanisms, to rationalize the use of relief and rehabilitation resources, particularly subsidies and donor funds, and to mobilize people’s participation and self-help initiatives in drought and disaster management systems. The government will require concerned institutions to incorporate drought risk management into agricultural production planning and financing systems. It will also identify appropriate approaches for dealing with the recurrent nature of droughts in Namibia by reducing vulnerability to drought over the long-term. To this end, the operations of the National Emergency Management Council and the Early Warning and Food Information System will continue to receive Government support.

176. The Government will provide responsive relief and rehabilitation measures in handling other natural disasters, particularly pest and disease infestation, as well as occasional flooding in the northern and other areas of the country. Practical mechanisms to cushion the adverse effects of drought and natural disasters will be researched and implemented as appropriate, with an emphasis on strengthening traditional methods of coping.

## **CHAPTER 5**

### **A STRATEGIC FRAMEWORK FOR POLICY IMPLEMENTATION**

#### **Policy and institutional Reform**

177. To implement the National Agricultural Policy, the Ministry of Agriculture, Water and Rural Development will develop, adopt and execute appropriate strategies and a comprehensive range of programmes and projects. In so doing the Ministry will need to address a number of crucial issues.
178. First, Government recognises that not all policy objectives can be achieved simultaneously. It is recognised that both Government and the ultimate beneficiaries have limited absorption and implementation capacity. Policy principles and goals need to be organised in a practical manner in order to ensure efficiency in their implementation. Therefore, the Ministry will priorities the policy objectives detailed in this document and the ensuing strategies and action to facilitate and guide the implementation of the National Agricultural Policy.
179. Second, the costs of realizing the socio-economic objectives to be pursued within the agricultural policy need to be carefully assessed vis-a – vis their benefits in terms of economic rates of return and social impact. This will allow informed decisions to be taken on the allocation of public investment resources in agriculture.
180. Third, the Ministry will directly or indirectly strengthen the capacity of all agricultural institutions to achieve the agricultural goals and promote the attainment of the socio-economic objectives. In view of th4 constantly changing political, social and economic environment there is an urgent need to established capacity for agricultural policy research not only within the Ministry but also by contracting research work out to the private escort such as the University and NEPRU. The continuous review and analysis of policies is necessary to inform the Government of changes in the policy environment which necessitate changes in the agricultural policy. In addition, existing Government and Parastatal institutions involved in the promotion of agricultural development will be subjected to, performance audits in order to establish their cost effectiveness and to justify their continued support.
181. Finally, given the Government’s limited resources, the Ministry will consider carefully which agricultural services can best be provided by the private sector, including the farming community, NGOs and cooperatives. Policy analysis will determine which functions might be carried out more efficiently by private sector institutions, under various forms of contractual arrangement with the Monistry, which functions need to be undertaken by Parastatal institutions and which activities must continue to be provided by the Ministry directly. The latter will be kept to a minimum.

## **Planning and Implementation**

182. Resources allocated to the Ministry of Agriculture, Water and Rural Development will be subjected to public expenditure reviews which will ensure their efficient and effective use and help determine future allocation. The Ministry will ensure a participatory and 'bottom-up' planning approach and transparency in the way it allocates and uses its resources. Improvements in the management and execution of the Ministry's activities have already been initiated to ensure that essential agricultural services are provided by the Government according to needs and at reasonable cost.
183. The Ministry will give priority to improving the planning and budgeting of agricultural development programmes and projects, to establishing a computerized agricultural statistics database, controlling expenditures, to the early identification of problems in programme and project implementation through an appropriate monitoring and evaluation system, and to the implementation of remedial action as necessary. More attention will be paid to the recurrent budgetary implication of new agricultural development programmes and projects, in terms of both incremental expenditures and staffing requirements. The Ministry will continue to give priority to the strengthening of its policy, planning and implementation capabilities at all levels. The Ministry will provide leadership and exert influence by building up its institutional capacity based on motivated, qualified and coordinated work force.
184. In planning agricultural expenditure, priority will be given to improving the efficiency of existing facilities and staff. Hence, provision will first be made for the operation, maintenance, rehabilitation and full use of existing facilities, given their consistency with the realization of policy objectives. Second priority will be given to the complementation ongoing projects where like wise consistent appropriate. Only after adequate provisions have been made for these priorities will new projects be considered. Such projects will be subject to technical, financial, economic, social and environmental appraisal to ensure that they contribute to the achievement of the agricultural policy objectives in the most cost-effective and efficient manner.

## **Strategies and Programmes**

185. To achieve the objectives of the agricultural policy, the Ministry of Agriculture, Water and Rural Development will formulate, implement, coordinate and monitor strategies and programmes directed towards achieving policy objectives. The formulation and implementation of these strategies and programmes will be pursued in line with the policy framework and guidelines elaborated in this document, and will be coordinated, monitored and controlled by a ministerial steering mechanism.
186. In this complex and vital task, the Government will depend upon the full cooperation and participation its development partners. Where appropriated, the Government will consult with these development partners and seek advice on strategy formulation and implementation. The challenge ahead is enormous and daunting, but the reward of success is the achievement of a more prosperous future for all Namibians.