

Executive Summary

According to the Namibia Labour Force Survey of 2018, the Agriculture, forestry and fishing sector remains the highest employment sector in Namibia accounting for 23.0 percent of the employed persons in the country. This is an increase of about 3.0 percent when compared to the 20.1 percent recorded in the 2016 Labour Force Survey. At the time of the survey, the sector had the highest concentration (44.7 percent) of self-employed workers in Namibia. Livestock farming comprises approximately two-thirds of agricultural production. The country's livestock products are premium as they are free from growth stimulants and the animals are fed on rangeland. The crops that are predominantly grown in Namibia include white maize, yellow maize, millet, ground nuts, and sorghum.

Farming in Namibia is characterised by a dualistic structure, where a relatively more formalised commercial sub sector co-exists with a largely informal subsistence farming sub sector. Agricultural production and subsequently income, is low in the subsistence sector relative to the commercial sector. This is due to a number of reasons, including limited access to markets as well as limited access to quality inputs and poor farming methods, amongst others.

Namibia is the most arid country south of the Sahara Desert with low average and highly variable rainfall. Drought is a perennial challenge, and the lack of water is an ever-present constraint in most parts of the country. This climate means that the potential for arable agriculture is generally limited, and agricultural potential is therefore confined mainly to livestock farming and high value crops such as dates, grapes and blueberries, produced mainly for the export market.

Namibia boasts a clear and stable policy environment which is welcoming to potential investors. Opportunities exist across the value chains of both livestock and crop farming. In both livestock and crop farming, opportunities for investors exist at the primary production stage as well as further down the value chains. These opportunities are supported by the country's general policy stance which seeks to add value to the country's resources and to create more jobs locally.

Overview of the Sector

Agriculture is one of Namibia's most important sectors of the Namibian economy, particularly in terms of contribution to employment, food and income. In 2018, it was the largest employer and it had the highest concentration of self-employed persons (23 percent), mostly in the subsistence sub sector. During the past five years, 2019 - 2023, the agricultural sector's contribution to GDP averaged at 8.5 percent and production is predominated by livestock production , mainly cattle, sheep and goats. There are also other enterprises such as poultry, piggery and dairy farming, albeit at a relatively smaller scale.

Crop production, on the other hand, includes maize and millet as staple crops, whereas horticultural production entails products such as grapes, dates, blueberries, tomatoes, onions, carrots, cabbages and pumpkin, amongst others.

The Namibian agricultural sector exhibits two sub sectors; the capital intensive, relatively well developed and export oriented commercial sub-sector; and the subsistence-based, high-labour, low-technology communal sub-sector. The commercial sector covers about 44 percent of the total land, though it accommodates only 10 percent of the country's farming population, while the communal sector covers 41 percent of the total land area and accommodates about 60 percent of the farming population. Agricultural production and subsequently income, is low in the subsistence sector for a number of reasons, including limited access to markets.

Due to climatic conditions, commercial farmers are predominantly engaged in livestock farming, with small-stock dominating the activities in the south. The central and northern part of the country is more suitable for large stock production. However, international trade regulations prohibit the movement of large stock while restricting the movement of small stock and livestock products from the Northern Communal Areas (NCAs). Subsistence farming is mainly confined to the "communal lands" of Namibia's populous north, where roaming cattle is prevalent and the main crops are millet, sorghum, maize and peanuts.

The agricultural sector displays a dichotomous situation where a developed, technologically based and relatively productive commercial sector co-exists with a subsistence and/or small-scale sector characterised by low productivity and predominantly making use of low-technology methods of production. The commercial sector largely exists on title deed lands (freehold sector) while the small-scale sector mostly exists on communally administered state lands. This divide is a legacy of the country's colonial and apartheid history.

Commercial farmland covers approximately 44 percent of the total land area and is home to 10 percent of the country's population. The commercial sector which is well developed, capital-intensive and market (including export) oriented. There are about 4,500 commercial farmers on title deed lands. Commercial area livestock production accounts for almost 70 percent of national agricultural output.

Communal areas comprise 41 percent of Namibia (48 percent of the total farming area) and represent approximately 60 percent of the country's population. These areas differ markedly from the freehold areas in their production systems, objectives and property rights; only the cropping areas are normally allocated to individual households, while the grazing areas are shared by members of a community. Overall the communal sector is characterised and dominated by subsistence farming enterprises (small fields of

cereals, some vegetables and small numbers of cattle and goats used largely for own household consumption). Generally, these farms are low input - low output enterprises, based mainly on family labour with limited use of technology and external inputs.

Policy Environment

The main pieces of legislation that regulate Namibia's agricultural sector includes:

- Agricultural (Commercial) Land Reform Act of 1995;
- Communal Land Reform Act of 2002;
- Agronomic Industry Act of 1992;
- Foreign Investment Act of 1990;
- Export Levy Act of 2016;
- Income Tax Act 24 of 1981;
- Green Schemes Policy 2008.
- Namibia Agriculture Policy 2015

Since independence in 1990, the government has followed the willing seller - willing buyer approach in addressing matters related to acquisition of farm lands. The willing seller offers land to the state and the state decides whether to buy or to waive its right to buy. In the event that the government waives its right to purchase the farm, the seller is issued with a certificate of waiver, which allows them to sell to interested buyers in the market.

Purchasing of land by non-Namibians is a less preferred option due to the scarcity of productive farmland and the exclusion of many Namibians from commercial farming, largely due to the country's historical past. Therefore, the Second National Land Conference, held in October 2018, resolved amongst others that the willing seller- willing buyer principle should be abolished and be replaced with more accelerated acquisition methods. Moreover, agricultural land which is owned and underutilised by both foreign and Namibian landlords, should be considered for expropriation with just compensation.

Main Players in the Sector

The key role players in Namibia's agriculture sector includes:

- Ministry of Agriculture, Water and Land Reform (MAWLR);
- Directorate of Veterinary Services (DVS)
- Ministry of Environment, Forestry and Tourism;
- Namibia Agronomic Board (NAB);
- Livestock and Livestock Products of Namibia;
- Meat Corporation of Namibia (Meatco);

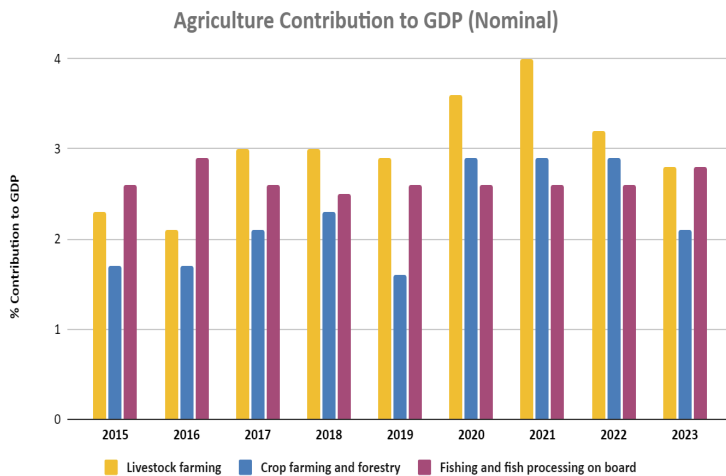
- Farmers' unions (i.e Namibia Agricultural Union, Namibia Emerging Commercial Farmers Union, Namibia National Farmers Union, Mangetti Farmers' Association, etc).

Contribution to GDP and Employment

While the agriculture sector's contribution to the country's GDP is relatively low (average around 4 percent), it holds significant significance in generating employment opportunities for the Namibian economy. The Namibia Labour Force Survey 2018, records that the sector is the largest employer in the country, employing approximately 23 percent of the country's labour force, translating into 167,242 direct jobs. However, the sector paid a low average monthly wage of N\$3,393. Despite this less than ideal situation in the sector, subsistence farming was the country's second main source of income, after salaries/wages which provided an income for nearly half (47.4 percent) of the households surveyed.

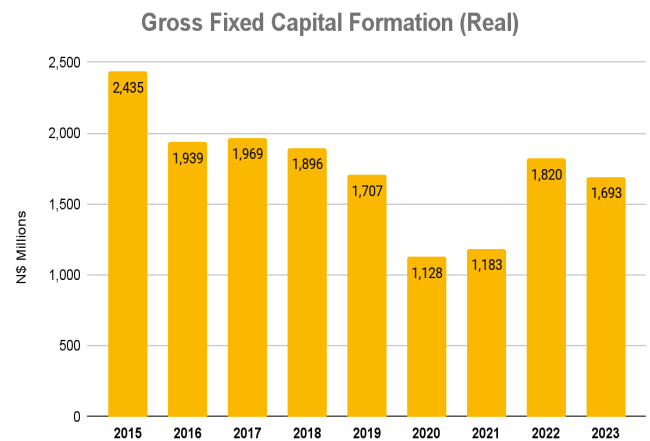
During the last decade, the agriculture sector has contributed on average 7.9 percent to Namibia's GDP. In 2023, however, the sector contracted by 3.4 percent in real value added. This is primarily due to lower cereal crop production. During the same year livestock farming's share of agricultural production was 2.8 percent, while crop farming and forestry made up 2.1 percent (Figure 1). Beef accounts for the largest share of livestock exports. The sector already supplies high quality beef, sheep, and goat products to international markets, which are free from growth stimulants. In March 2020, Namibia became the first and only African country to export beef to the United States of America.

Figure 1: Percent Contribution to GDP



Source: Namibia Statistics Agency

Figure 2: Gross Fixed Capital Formation



Source: Namibia Statistics Agency

In real terms, fixed investment in the agricultural sector amounted to N\$1.6 billion in 2023, a slight decline from N\$1.8 billion recorded in 2022 (Figure 2). However, this remains a strong figure relative to the decline recorded at the height of Covid-19 in 2020. Gross capital formation reflects levels of investments into fixed assets such as agricultural equipment, vehicles and farm buildings.

Beef Sector

The livestock sub-sector plays a vital role in the agricultural sector as it contributes around 70 per cent to the agricultural GDP. Namibia is renowned for good quality livestock breeds and has been a net meat exporting country for years. Beef cattle ranching are the largest contributor to commercial farming income, and the major breeds amongst commercial farmers are Brahman, Afrikaner and Simmentaler.

There are a total of 2.5 million cattle in the country of which 1.3 million are found in the areas South of the Veterinary Cordon Fence (SVCF). A total of 1.2 million cattle in Namibia are found in the areas North of the Veterinary Cordon Fence (NVCF). In 2021, beef was Namibia's 11th most exported item with South Africa being the top market, followed by Angola, Botswana, Zambia, and Zimbabwe. Beyond regional markets, Namibian beef is consumed as far as the European Union, Norway, People's Republic of China, the United Kingdom, the United States of America and Ghana. This underscores Namibia's growing prominence in the global beef trade, driven by strong regional partnerships and expanding market opportunities.

In 2023, 294 938 cattle were marketed across all marketing channels. Of this total, 151 808 were exported live on hoof to neighbouring countries, 104 549 were slaughtered at local A-class abattoirs and 38 581 were slaughtered at B & C class abattoirs countrywide. This brings the growth of the cattle sector up by 17.6 percent from 250 751 heads marketed during 2022.

Historically, Namibia's beef industry has been dominated by the state-owned meat processing company, Meatco. It is the single largest player in terms of approved slaughter capacity with international export certification, enabling livestock producers to access lucrative international markets. However, competition is expected to increase given the emergence of a private sector-led market player in 2020.

Goat Sector

The sector recorded a growth of 4.9 percent during 2023, with 150 592 goats marketed during that year compared to 143 568 goats marketed during the year before. This growth was due to an increase in live exports that grew by 7.2 percent. The main destinations for sheep and goat exports from Namibia are South Africa, Botswana, Zimbabwe, Angola, and Zambia.

Sheep Sector

The sector recorded an expansion in activity of 36.7 percent led by live exports and slaughtering at A-class abattoirs. Live exports expanded by 41.3 percent growing from 581 873 heads in 2022 to 795 145 heads in 2023. South Africa was the main export market for Namibian sheep, accounting for 99.7 percent of live export market share while exports to other countries remained relatively insignificant at 0.28 percent. The increase in sheep marketing during the period of 2023 was driven by an increase in demand from South Africa coupled with increased slaughter activities by local export-approved abattoirs that serviced both domestic and international markets. A-class abattoirs recorded a significant growth, while B & C class activities declined by 13.1 percent from 122 919 heads in 2022 down to 106 804 heads in 2023. Local marketing activities were partially buoyed by better producer prices. A2 producer price averaged N\$82.92/Kg during 2023 up by N\$2.45/kg from the 2022 level of N\$80.47/kg.

Pork Production

Namibia remains a net importer of pork due to limited production and as such, local production is often supplemented with imported pork to meet local demand. During 2023 the situation was further exacerbated by the continued ban on the importation of fresh pork products from South Africa due to the Foot and Mouth Disease outbreak in South Africa. A total of 45 274 pigs were marketed at approved abattoirs in 2023, a little more than the 46 330 pigs marketed during the year before.

In terms of consumption (inclusive of processed pork), on average, 60.7 percent of pork consumed in Namibia during 2023 was imported, whilst domestic supply serviced 39.3 percent of local pork demand. Of the imported pork, 50.8 percent originated from Germany, followed by Spain and South Africa with a market share of 24.7 percent and 14.6 percent, respectively. The remaining less than 1 percent originated from Botswana and some European countries. Therefore, Namibia is a net importer of pork, and imported 6 675 531 kg in 2023 to cover local consumption shortfalls.

To give support to the sector, the government introduced the Pork Market Share Promotion Scheme (PMSPS) in 2012. The PMSPS aims to lobby for pork import restrictions to benefit the domestic industry. Despite this effort, there are currently only two major pig farms in Namibia, one in Tsumeb and another in Mariental. Some of the main challenges are lack of startup capital, lack of skills and knowledge and high cost of feeds.

Horticulture Production

The horticulture industry in Namibia is growing steadily, but is faced with many challenges such as drought, high input cost, pests and diseases. Namibia remains a net importer of mainly fresh fruits, while

the production of most vegetable lines has been on the increase for the past 10 years after the introduction of the Market Share Promotion Scheme, which requires traders to buy a certain minimum, currently 47% of the value of locally produced products from local producers, as a condition for importation. The Horticulture Market Share Promotion (HMSP) scheme was introduced to address the plight of horticultural farmers. Under this scheme, all importers of horticultural products are required to buy a certain percentage share of produce in Namibia before they are allowed to import any fruit or vegetable produce. The HMSP percentage has risen from 2.5% in 2005 to 47% in 2021. This scheme has allowed Namibian horticultural producers to expand their production. The HMSP is, therefore, an incentive for Namibians and foreign investors to produce more fruit and vegetables in Namibia to satisfy the market demand as a matter of priority and export the surplus.

Production of horticultural products takes place both in the commercial and communal areas, under irrigation and marketed to wholesalers, retailers, hotels and restaurants and institutions. The local production is primarily targeting the fresh produce domestic market and exports of mostly table grapes (Table 1) and onions. The top ten fresh produce are: potatoes, onions, tomatoes, cabbage, English cucumbers, carrots, lettuce, butternuts, pepper and watermelons. However, production volumes are mostly insufficient and fluctuate during the course of the year.

Table 1: Grape Export Statistics Tonnage: 2010 to 2016

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Tonnage | 20,429 | 24,610 | 24,408 | 25,782 | 29,423 | 31,554 | 23,775 | 31,804 | 29,762 |
| Average Price /KG | 21.11 | 21.11 | 21.11 | 21.11 | 21.11 | 21.11 | 23.84 | 20.00 | 20.09 |

Source: Namibia Agronomic Board

The agro-processing subsector is still in its infancy, with less than 1% of production going into agro-processing. The main production areas of the country include Karst, Central, South, Orange River, Kavango, North Central and Zambezi.

Agronomic (Grains) Production

There are currently only three agronomic crops that are gazetted as controlled, namely; white maize, pearl millet and wheat (Table 2). These crops are also considered to be staple food of Namibia and the country remains a net importer of these three agronomic crops. The government supports local producers

through marketing mechanisms, whereby import restriction or close border periods are implemented during times of sufficient local production.

Production of agronomic crops mainly white maize and pearl millet takes place in both the commercial and communal areas, under irrigation and rainfed and marketed to millers. However, pearl millet is predominantly produced in communal areas under rainfed production. Wheat production takes place under irrigation in the commercial areas and government projects situated in the communal areas.

Table 2: Agronomy Production in Tons

| Period | | White Maize | Millet | Wheat | Total |
|--------|----|-------------|--------|--------|--------|
| 2022 | Q3 | 33 587 | 1 914 | 113 | 35 614 |
| | Q4 | 9 315 | 602 | 24 084 | 34 001 |
| 2023 | Q1 | 1 293 | 301 | 501 | 2 095 |
| | Q2 | 21 648 | 295 | 10 | 21 953 |
| | Q3 | 19 343 | 597 | - | 19 940 |

Source: Namibia Statistics Agency

Total agronomy production declined from 35 614 tons recorded in the third quarter of 2022 to 19 940 tons registered in the third quarter of 2023 (44.0% decline). The reduction in the production emanates from all crops. White Maize production stood at 19 343 tons (a share of 97.0 %) compared to 33 587 tons recorded in the corresponding quarter of 2022. Millet recorded a volume of 597 tons (a share of 3.0%) compared to 1 914 tons recorded in the corresponding quarter of 2022.

Challenges in the Sector

Namibia's agriculture faces a number of challenges. The livestock sector is constantly threatened by the frequent outbreak of animal diseases such as Foot and Mouth Disease (FMD), the contagious bovine pleuropneumonia (CBPP) (also known as lung plague), lumpy skin disease as well as anthrax. An outbreak of diseases such as FMD and CBPP, that mainly occur in the northern parts of the country just above the veterinary cordon fence (VCF), can negatively impact the country's livestock production, productivity and access to export markets and, thereby, affect and undermine local food security and livelihoods. Over the years, however, Namibian authorities have done a commendable job at surveilling

and containing these outbreaks. The government has implemented good practices such as implemented a number of good practices to reduce disaster risks, including:

- controlling livestock movement through a zoning strategy and movement permits;
- conducting import risk assessments;
- disease monitoring and surveillance;
- an animal identification and traceability system;
- undertaking annual vaccinations;
- contingency plans.

The crop subsector, on its part, is faced with frequent droughts and floods due to climate change, both of which lead to crop failure. Pest outbreaks also pose a threat to the crop sub sector. In recent years sporadic outbreaks of locusts and various types of worms have been reported in some parts of the country. In order to manage these risks, the government has a network of extension offices that trains farmers to enable them to identify the pests and make prompt decisions. The Ministry of Agriculture, Water and Land Reform also procures pesticides for distribution to farmers.

Investment Opportunities

Numerous opportunities exist across the value chains of the sector. In the livestock sub sector, investment opportunities exist in feedlots and fodder production as well as in primary production of nearly all types of meat. The shortage is particularly more pronounced in pork production as there are only two large-scale piggeries serving the entire domestic market. More opportunities exist in value chain activities, particularly meat processing and related industries such as canning, tannery, and leather products. Veterinary service provision, animal vaccine, and medicine production could also be viable investment opportunities.

In the crop farming sub sector, opportunities exist through the government-backed irrigation projects known as the Green Schemes. The government has 11 “Green Scheme” irrigation projects aimed at increasing local agricultural production on 9,000 hectares along the perennial rivers bordering Namibia. And to better leverage private capital and ensure sustained production and productivity of the green schemes, the government seeks to lease the 11 green schemes through competitive bidding. This includes the irrigation scheme around Namibia’s largest dam, the Neckartal dam in the south of the country, which can hold up to 857 million cubic metres of water. The dam’s primary purpose is to irrigate 5,000 hectares of high-value crops such as palm dates, grapes, and other fruits and vegetables for the export market. While the dam itself was inaugurated in March 2020, the irrigation component remains incomplete. The government is looking for potential investors to run this and other green schemes in the country that are still open and available for private sector investment.

Further investment opportunities exist to build storage or cold rooms for fruits and vegetables as well as bigger tanks to support grain storage in the areas of production. Given Namibia's arid climate and the resultant water scarcity, opportunities also exist to invest in desalination plants and bulk water infrastructure through Public Private Partnerships.