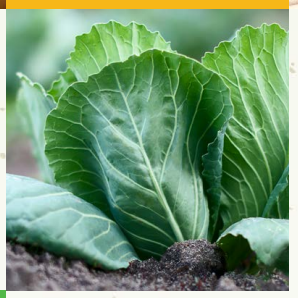


3rd ANNUAL REPORT **2015/16**

AGRO-MARKETING & TRADE AGENCY

AMTA

FROM LAND TO NATION

AMTA Brand

OUR VISION

To be a centre of excellence in facilitating food security and agricultural marketing and trade in Namibia

OUR MISSION

To enhance food security and facilitate agricultural marketing and trade in Namibia

To efficiently manage National Fresh Produce Business Hubs and the National Strategic Food Reserve

To promote industrialisation, value addition and standards compliance of agricultural products

OUR CORE VALUES

- Integrity
- Transparency
- Accountability
- Partnership
- Service Excellence
- Innovation

The purpose of the AMTA brand is to facilitate the marketing and trading of agricultural produce and promote food security in Namibia, through two main streams: grain and fresh produce. These brands are depicted as follows:

AMTA
FROM LAND TO NATION

Ensures smooth marketing and trading of agricultural produce and manages Namibian food security and safety.

AMTA
GRAIN

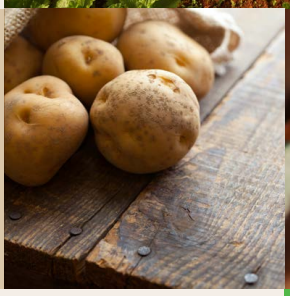
Represents the cereals and grains component of AMTA's operations. It is a brand representing the National Strategic Food Reserve, which ensures Namibia has secured food for emergency relief.

AMTA
FRESH PRODUCE

Represents the fresh produce component of AMTA's operations. It is a brand representing all locally traded agricultural fresh produce.

NamFresh
ASSURED QUALITY AND FRESHNESS

Represents food safety and quality assurance. It is a logo used to guarantee that produce has gone through the series of standard compliances through the entire value chain.



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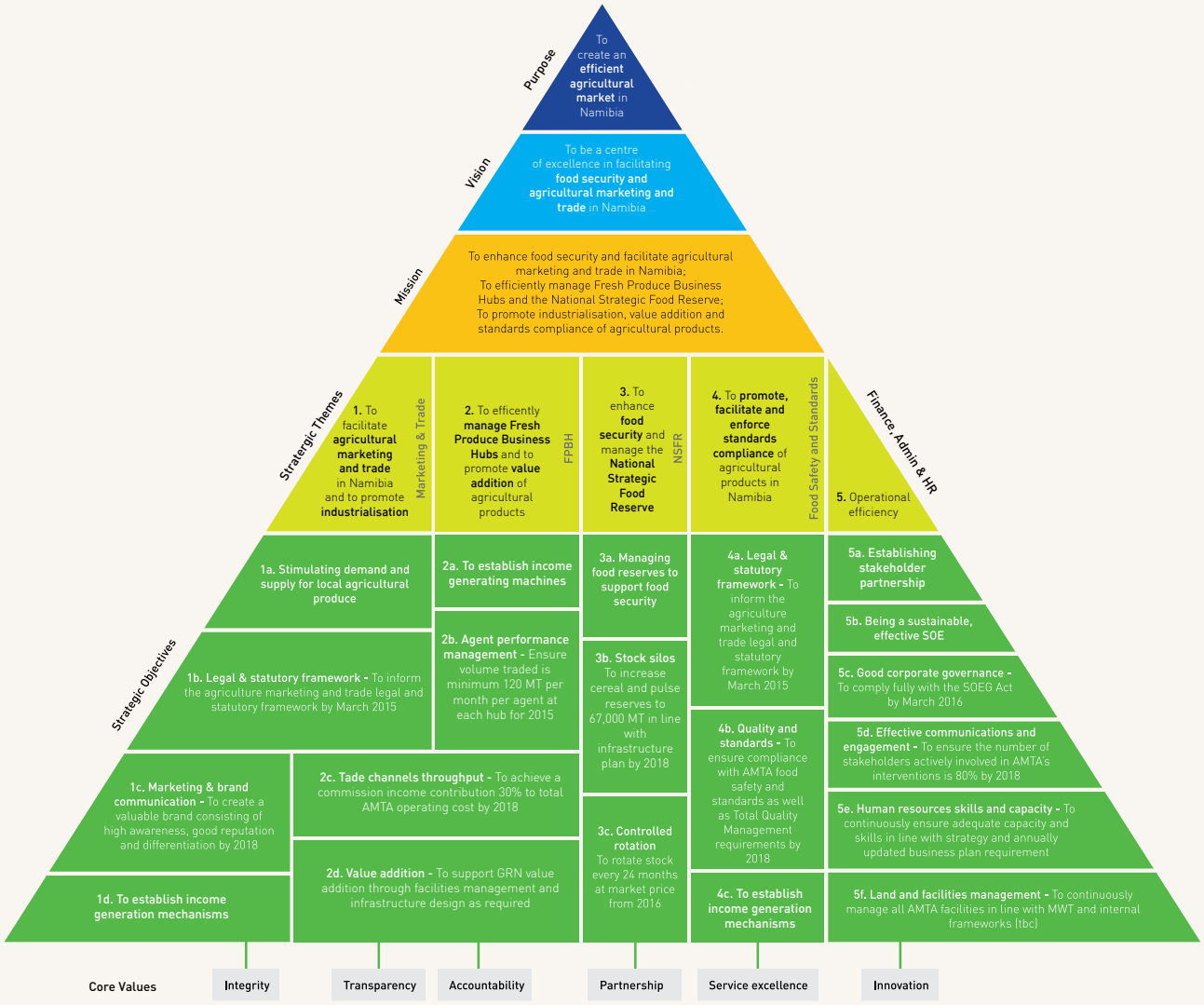
AMTA **Strategic Map**



AMTA
FROM LAND TO NATION

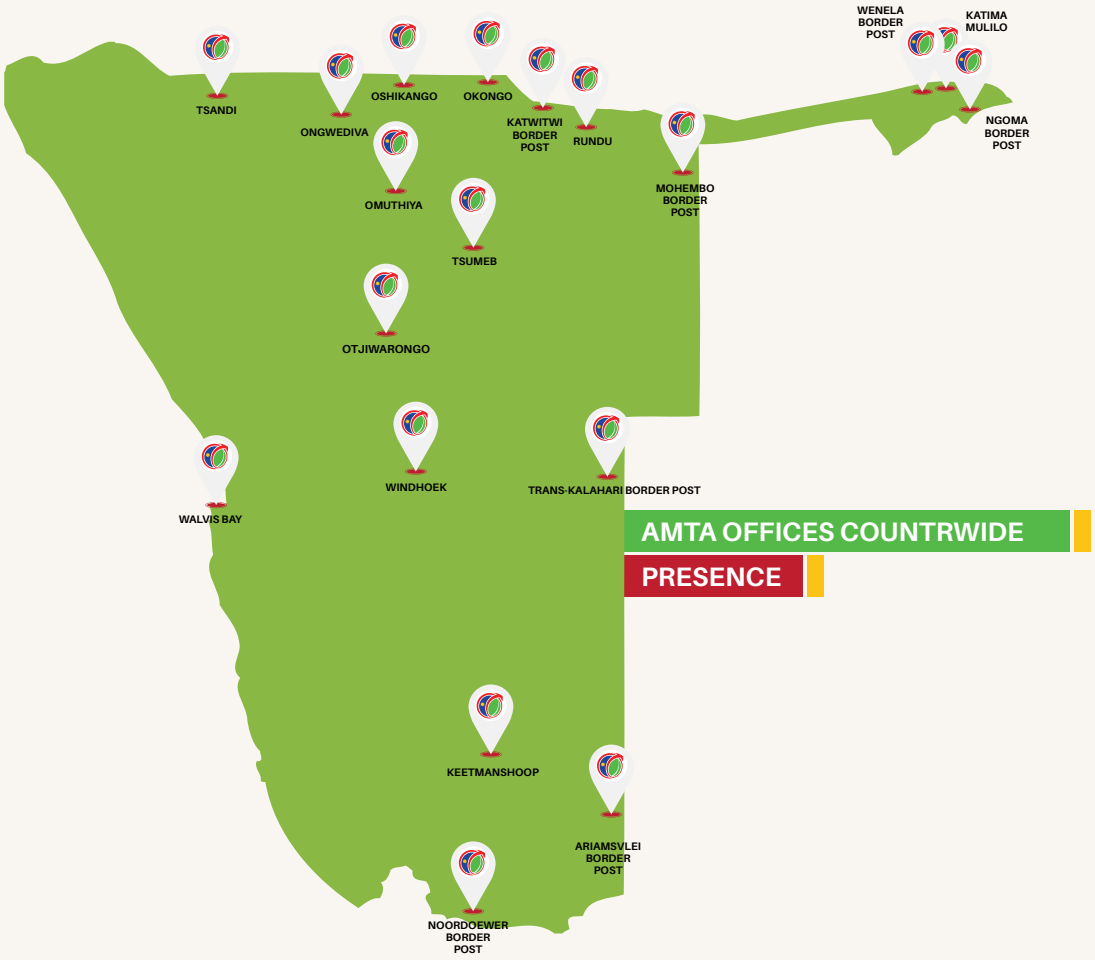
AMTA **Mandate**

AMTA was established through a Cabinet Decision 7th/10.05.11/015, as a specialised Agency of the Ministry of Agriculture, Water and Forestry (MAWF), to coordinate and manage the marketing and trading of Agricultural Produce in Namibia.

1. To implement the marketing, trade and research of the agricultural products as well as control of imports and exports of agronomic and horticultural products at ports of entry/exit in Namibia.
2. To inspect the Facilities and Farms for compliance to Good Agricultural Practice (GAP) and Hazardous Analysis Critical Control Point (HACCP) standards and specific crop marketing standards compliance as well as implement food safety in Namibia.
3. To manage the National Fresh Produce Business Hubs and National Strategic Food Reserves towards attainment of food safety and security.

In performing its role, AMTA works closely with AgriBusDev and the Namibian Agronomic Board (NAB).

AMTA **Countrywide Presence**



Acronyms

AMID	Agricultural Marketing Information Database
AMTA	Agro-Marketing and Trade Agency
CVL	Central Veterinary Lab
EU	European Union
FAO	Food and Agriculture Organisation
FFI	Farms and Facilities Inspectorate
FY	Financial year
GAP	Good Agricultural Practices
GM	Genetically Modified
GMO	Genetically Modified Organism
HACCP	Hazard Analysis and Critical Control Points
HPD	Horticulture Production Database
LOD	Limit of Detection
LOQ	Limit of Quantification
MRL	Maximum Residue Level
MSP	Market Share Promotion
MT	Metric tonne
NFPBH	National Fresh Produce Business Hubs
NHDI	National Horticulture Development Initiative
NHTT	National Horticulture Task Team
NSFR	National Strategic Food Reserve
OECD	Organisation for Economic Co-operation and Development
OPM-DDRM	Office of the Prime Minister: Directorate for Disaster Risk Management
PPECB	Perishable Product Export Control Board
QMS	Quality Management Systems
SADC	Southern African Development Community
SOP	Standard Operating Procedure
UNAM	University of Namibia
UNECE	United Nations Economic Commission for Europe

Chairman's **Foreword**

"The Horticulture Market Share Promotion percentage was increased from 41.5% in 2014/2015 to 44% in the 2015/2016 financial year. The 2013/2014 financial year saw the actual average national MSP obtained reach 40% in Quarter 3 for the first time since it was introduced. This indicates that we are indeed realising our potential of becoming a food secure nation in terms of horticulture fresh produce."

Hard to believe that it's already been three years since the establishment of the Agro-Marketing and Trade Agency (AMTA)! The horticulture industry in Namibia has grown from strength to strength since the establishment of the National Horticulture Development Initiative (NHDI) by the Namibian Agronomic Board a mere 15 years ago, after fresh fruit and vegetables were gazetted under Section 2 of the Agronomic Industry Act (Act No. 20 of 1992).

This initiative, started and funded by the Ministry of Agriculture, Water and Forestry, was established to promote the consumption of local fresh produce, import substitution, agro-processing and export marketing of local fresh produce.

Since the beginning of the 2015 financial year, the National Horticulture Development Initiative has been implemented by AMTA. AMTA was appointed as an agent of the Namibian Agronomic Board in 2015, in order to implement some of its functions. The National Horticulture Development Initiative has been implemented through the Horticulture Market Share Promotion scheme, commonly known as MSP.

Under this scheme, importers are obliged to ensure that a minimum percentage (%) of their horticultural produce purchases consist of Namibian grown products, prior to qualifying for an import permit in a given quarter. If they do not meet this requirement, their imports are curtailed, pro rata, in the subsequent quarter. In 2005, the initial MSP was 5%, but over the years this has increased by mutual consensus and currently stands at 44%.

The Horticulture Market Share Promotion percentage was increased from 41.5% in 2014/2015 to 44% in the 2015/2016 financial year. The 2013/2014 financial year saw the actual average national MSP obtained reach 40% in Quarter 3 for the first time since it was introduced. This indicates that we are indeed realising our potential of becoming a food secure nation in terms of horticulture fresh produce.

It was projected that the maximum MSP percentage Namibia can achieve is 60% in the long term. This signals the potential of increasing local production in the horticulture industry (report by PricewaterhouseCoopers, 2008). The local MSP can only be raised to 60% due to seasonality and given that a sizable amount of fresh produce cannot realistically be produced in Namibia.

Every year, farmers who have a surplus of maize and mahangu sell their produce to AMTA. The marketing season begins on 1 May and ends on 31 October. At the moment only maize and mahangu are being marketed to the National Strategic Food Reserve (NSFR) and plans are underway to accommodate other grain, like wheat and beans, in the near future. Producers willing to sell grains to NSFR, including the Green Schemes Projects which are the main suppliers, deliver their products to the grain storage facilities (silo). The price for both mahangu and maize is determined by the industry each year and overseen by the Namibian Agronomic Board.

As a result of the persistent drought our country has been experiencing over the past years, the Office of the Prime Minister: Directorate for Disaster Risk Management (OPM-DDRM) requested the release of grain from the grain reserve in order to respond to the food shortage. For this reason, AMTA has received five purchasing orders since April 2015 to release a total tonnage of 22,873.635 (508 MT of mahangu and 22,365.635 MT of white maize).

Infrastructure belongs to government and is managed by AMTA-NSFR. Therefore, with assistance from government through the Ministry of Agriculture, Water and Forestry (MAWF), the storage capacity at Okongo Silos has been expanded from 500 MT to 4,500 MT, bringing the national grain storage capacity to 22,900 MT.

In conclusion, it is important to mention that the marketing system in the domestic market is fragmented, non-transparent and based on foreign pricing systems. This situation does not promote fair benefit across all role players.

Mr Abraham Nehemia
Chairperson of the Board

Managing Director's **Foreword**

"The National Strategic Food Reserve (NSFR) storage capacity increased from 18,900 MT to 22,900 MT, which is 34% of the targeted national grain storage capacity of 67,000 MT. Thus, we managed to release 22,874 MT to the OPM for drought relief, compared to 1,266 MT during the 2014/2015 financial year. Although it was a dry year, we managed to procure 10,551 MT, compared to 12,935 MT in the 2014/2015 financial year."

It is with great pleasure that I share this third annual report with you.

Firstly, I would like to extend my profound appreciation for the tireless dedication and support of the Minister of Agriculture, Water and Forestry, Honourable John Mutorwa, his management and staff.

I further extend my gratitude to the entire AMTA Board of Directors for their professional guidance and commitment to steering AMTA to greater heights. I would also like to use this opportunity to show my appreciation for the engagement of and constructive contributions from the stakeholders towards the implementation of our mandate.

The period under review was not without considerable challenges. Remedial strategic interventions were called for due to the severe drought which negatively affected our agricultural industry. Despite the challenges however, this was also a year of great strides for AMTA. As in previous years, notable progress was made, seeing our agency significantly expand over the last three years.

The National Strategic Food Reserve (NSFR) storage capacity increased from 18,900 MT to 22,900 MT, which is 34% of the targeted national grain storage capacity of 67,000 MT. Thus, we managed to release 22,874 MT to the OPM for drought relief, compared to 1,266 MT during the 2014/2015 financial year. Although it was a dry year, we managed to procure 10,551 MT, compared to 12,935 MT in the 2014/2015 financial year.

The throughput of the National Fresh Produce Business Hubs (NFPBH) increased from 1,892 MT in 2014/2015 to 2,926 MT in 2015/2016 to a value of N$23.7 million. This was achieved through the implementation of a revolving fund which allows farmer payment in the shortest period with a maximum of seven days, Horticulture Market Share Promotion (MSP) threshold and gradual response of market driven productions. In addition, the operationalisation of the Windhoek collection hub gave traders easy access to local fresh produce.

I should also mention that additional responsibility was given to AMTA to implement Standards and Trade activities, such as the MSP, a function which was previously carried out by the Namibian Agronomic Board (NAB). During the year under review, the actual MSP surpassed the MSP threshold from 44% to 47% – a clear indication of the growth of the industry.

Similarly, I am happy to report that in partnership with the Perishable Products Export Control Board (PPECB) we have inspected 7.3 million cartons of table grapes destined for export markets. In addition, 34 containers of table grapes for EU markets were shipped from the port of Lüderitz to Rotterdam, Netherlands. This noble idea was successfully implemented thanks to the cooperation of different role players in the table grape sector. I am optimistic that the trans-shipment of table grapes through Lüderitz will become a permanent route.

AMTA is cognisant of the importance of food safety; hence we managed to collect and test approximately 600 samples of agronomic and horticultural products, all of which were in compliance with food safety standards. I should also mention that we managed to install the Agricultural Marketing Information Database (AMID) system at six ports of entry and exit in order to enhance the control of agricultural products. A total of 24,867 trucks were inspected for compliance to statutory provision in terms of import, export and in-transit.

In the year under review, AMTA's human resources grew from 131 to 174 employees. This ensured that we have adequate skilled staff for effective and efficient implementation of our strategic goals.

The Windhoek Hub, which the government is currently constructing, is progressing at a highly satisfactory rate, and upon completion, will open up many more opportunities for us.

Mr Lungameni Lucas
Managing Director

Board of **Directors**

Standing left to right:
Desiderius Tshikesho (Vice Chairman), Josef Ihemba, Jessey Kamwi, Twewaadha Alweendo, Geraldine Diergaardt, Bertus van Wyk, Mesag Mulunga

Seated left to right:
Frieda Nakanyala, Abraham Nehemia (Chairman), Sofie Kasheeta


AMTA

Senior **Management**

Standing left to right:
Seth /Awa-Eiseb (Human Resources),
Fidelis Mwazi (Standards & Trades),
Reagan Kooper (Finance & Administration),
Alfeus Siyamba (National Fresh Produce Business Hubs)

Seated left to right:
Lungameni Lucas (Managing Director),
Wilhelmina Handunge (National Strategic Food Reserve)


AMTA
AMTA

01

National Strategic **Food Reserve**

Ms. Wilhelmina Handunge

SENIOR MANAGER OPERATIONS:
NATIONAL STRATEGIC FOOD RESERVE

"This year's poor rain fall resulted in a 23% lower grain quantity of 10,551 MT (10,490 MT of maize and 61 MT of mahangu) marketed to the reserve, compared to 12,935 MT (486 MT of mahangu and 12,449 MT of maize) grain marketed to the reserve the previous year (2014/15), which was 20% higher than grain marketed during the 2013/2014 marketing season."

National Strategic **Food Reserve**

Grain Released from the Reserve

97%

(22 366 maize and 508 mahangu) tons of grain more than the previous year when only 592 MT and 34.6 MT of maize and mahangu respectively.

1.1 INTRODUCTION

The National Strategic Food Reserve (NSFR) Division was established with the main aim of contributing to the country's food security by maintaining a national optimal level of food reserves, which address local food shortage, to respond to immediate emergency food requirements and to stabilise food prices in the domestic market. The division is therefore mandated to purchase local available marketable grain, mainly from Green Scheme Projects, and surplus from subsistence farmers to stock the reserve, to manage the reserve to support food security by rotating stored stock every two years, and to maintain the grain storage facilities.

This year's poor rain fall resulted in a 23% lower grain quantity of 10,551 MT (10,490 MT of maize and 61 MT of mahangu) marketed to the reserve, compared to 12,935 MT (486 MT of mahangu and 12,449 MT of maize) grain marketed to the reserve the previous year (2014/2015), which was 20% higher than grain marketed during the 2013/2014 marketing season.

In addition, the quantity of grain released from the reserve was 97% (22,366 MT of maize and 508 MT of mahangu) more than the previous year, during which only 592 MT of maize and 34.6 MT of mahangu were released to the OPM-DDRM. The increase was necessary in order for government to adequately respond to food shortage in the country. Furthermore, during the reporting period only 18 MT of mahangu and 2.5 MT of maize grain was marketed to private commercial millers, compared to 639.3 MT of maize marketed to private commercial millers which was done to create storage space during the 2014/2015 marketing season. These figures can all be attributed to poor rainfall patterns, which negatively affected the dry-land grain production in the country.

Throughout the reporting period, the NSFR Division performed minor routine maintenance on all the grain storage facilities, while at the same time facilitating the expansion of the Okongo silo, and renovating and partitioning some of the grain storage facilities. With the completion of Okongo silo's expansion from 500 MT to 4,500 MT, the current national storage capacity stands at 22,900 MT, which is 34% of the national targeted reserve capacity.

1.2 GRAINS MARKETED TO THE RESERVE

The producers (Green Schemes, National Youth Services, communal farmers, resettled farmers, commercial farmers and Affirmative Action Loan Scheme farmers) who are the main suppliers of grain to the reserve marketed their grain to the reserve at the prevailed market price as agreed by all stakeholders through the Namibia Agronomic Board (NAB). It is also important to note that maize and mahangu are controlled crops and therefore their prices are regulated by the NAB. The price for maize in particular is determined based on the weighted average of the South African Foreign Exchange (SAFEX) floor spot price and that of mahangu is based on production cost.

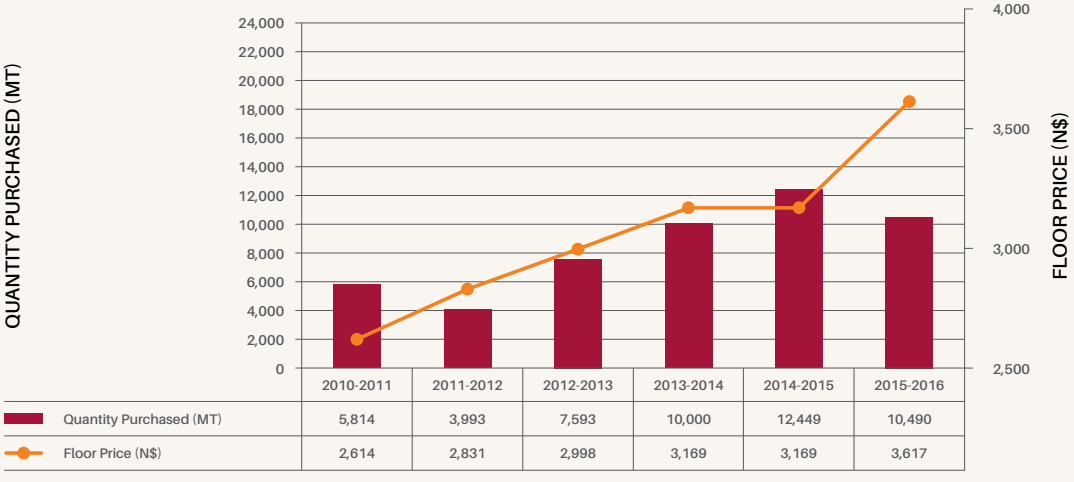
During the period under review, the NSFR Division purchased a total of 10,551 MT of grain (10,490 MT of maize and 61 MT of mahangu). Due to the severe drought experienced in the country, only the Zambezi and Kavango East regions managed to sell surplus mahangu to the reserve; other mahangu producing regions were badly affected by drought. The NSFR Division purchased all availed marketable grain (maize and mahangu) from the producers and filled 55% of the reserve's storage capacity.

The quantity of maize purchased during this reporting period is 19% less than the quantity purchased during the previous year (2014/2015), which in turn is 5% more than the grain marketed during the 2013/2014 marketing season. This is attributed to the low rainfall received in most parts of the country.

Quantities of Maize Purchased

19%

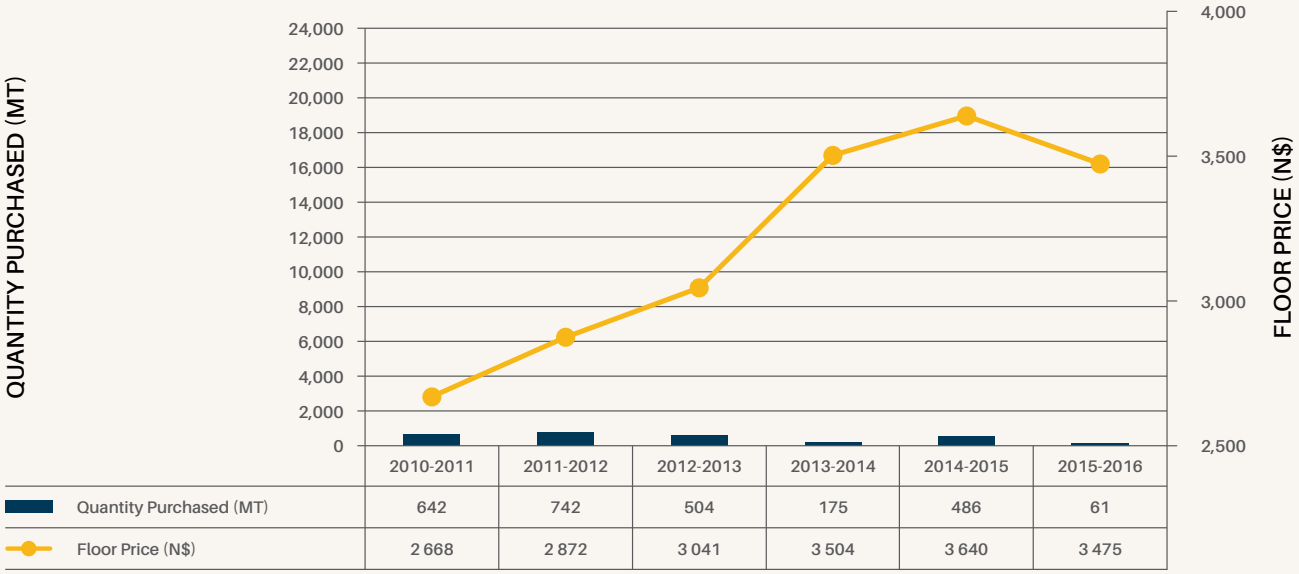
Less than the quantities purchased during the previous year



	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Quantity Purchased (MT)	5,814	3,993	7,593	10,000	12,449	10,490
Floor Price (N$)	2,614	2,831	2,998	3,169	3,169	3,617

Figure 1.1: Trend of quantities of maize grain marketed to NSFR for the period 2010/2011 to 2015/2016

National Strategic **Food Reserve Division** (continued)



	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Quantity Purchased (MT)	642	742	504	175	486	61
Floor Price (N$)	2 668	2 872	3 041	3 504	3 640	3 475

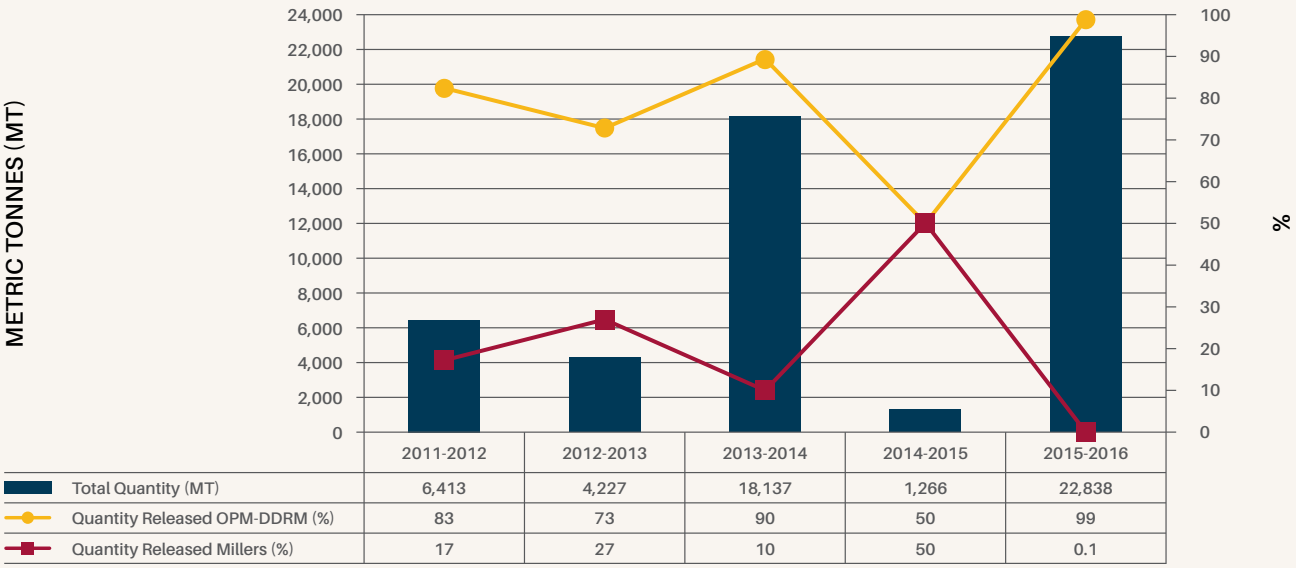
Figure 1.2: Trend of quantities of mahangu grain marketed to NSFR for the period 2010/2011 to 2015/2016

With regard to mahangu, this was the worst season ever since the NSFR started purchasing grain for the reserve. The 61 MT purchased is 87% less than the amount of grain purchased during 2014/2015 and 31% less than 2013/2014 seasons.

1.3 RELEASE AND SALE OF GRAINS FROM THE RESERVE

In order to respond to the devastating drought that left about 580,000 (578,480) Namibians in dire need of food, the Government of the Republic of Namibia through the OPM-DDRM requested the release of 22,838 MT of grain (22,366 MT of maize and 508 MT of mahangu) from the reserve for both the Interim and Comprehensive Drought Relief Programmes for distribution to beneficiaries during this reporting report. A total tonnage of 11,890 MT of grain, comprising 11,522 MT of maize and 368 MT of mahangu, was requested as part of the Interim Drought Relief Programme, while 10,948 MT of grain, of which 140 MT was mahangu and the rest maize, was requested for the Comprehensive Drought Relief Programme.

The OPM-DDRM contracted seven private millers to collect grain from the reserve, and to mill and distributed maize meal to the beneficiary regions (Oshana, Ohangwena, Omusati, Oshikoto, Kavango West, Kavango East, Omaheke, Otjozondjupa, and Kunene). The millers that were contracted were Nuzria Food Manufacturing Company, Kamunu Mills, Namib Mills, Kavango Mills, Omhalanga Mills, Goal Maize Mills and Etunda Irrigation Project. Figure 1.3 shows the grain quantities released from the reserve over the years.



	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Total Quantity (MT)	6,413	4,227	18,137	1,266	22,838
Quantity Released OPM-DDRM (%)	83	73	90	50	99
Quantity Released Millers (%)	17	27	10	50	0.1

Figure 1.3: Trend of grain quantities released to OPM-DDRM and millers from the reserve for the period 2011/2012 to 2015/2016

1.4 GRAIN STORAGE FACILITY EXPANSION AND CONSTRUCTION

During the year under review, the NSFR Division facilitated the expansion of the Okongo Silo's storage capacity from 500 MT to 4,500 MT. The expansion included the addition of two 2,000 MT bins, a chemical storeroom, a guard house, a public ablution facility, two staff houses, an office as well as the installation of a weighbridge. The completion of Okongo Silo's expansion has brought the national storage capacity to 22,900 MT, which is 34% of the targeted national grain reserve capacity.

The warehouse at Katima Mulilo Silo was also partitioned for proper storage of products and materials in order to enforce and comply with food and safety standards. During the same period, construction at the Rundu Silo included new ablution facilities, a guard room, an entrance gate, and the renovation of the dump pit shed.

02

Standards and Trade

Mr. Fidelis Nyambe Mwazi

SENIOR MANAGER:
STANDARDS AND TRADE

"The National Horticulture Development Initiative was implemented through the Namibian Horticulture Market Share Promotion scheme, commonly known as MSP. Under this scheme, importers are obliged to ensure that a minimum percentage (%) of their horticultural produce purchases consist of Namibian grown products, prior to qualifying for an import permit in a given quarter. If they do not meet the required percentage they are curtailed in their imports, pro rata, in the subsquent quarter. Through mutual consesus, the MSP moved from 5% in 2005 to 44% currently."

Standards **and Trade**

2.1 INTRODUCTION

The strategic mandate of AMTA's Standards and Trade Division is to implement agricultural marketing and trade and to promote agro-industrialisation in Namibia. At the same time, the division is tasked to promote, facilitate and enforce standards compliance of agricultural products in Namibia. In order to ensure that its activities are aligned and contribute to the fulfilment of this mandate, the Standards and Trade Division crafted its own vision and mission. Table 1 shows a comparison of this mission and vision to the AMTA vision and mission, while the values remain the same.

During the reporting period, the Standards and Trade Division implemented and accomplished various tasks and projects as put forth in the annual work plan of 2015/2016. The division took over the function of implementing the market share promotion of agronomic and horticultural produce from the Namibian Agronomic Board in April 2015. Henceforth, the division maintained the excellent standard of work in providing market intelligent information to the agronomic and horticultural sectors through data collection and forecasting of local production. The aim of the MSP is to facilitate easy access to local fresh produce and projections disseminated to traders on a monthly basis to influence the MSP. Hence the MSP obtained increased to 47% in Quarter 4 (2015) compared to 44% of the MSP threshold.

AMTA LEVEL		STANDARDS AND TRADE DIVISION
VISION	⟷	**VISION**
• To be a centre of excellence in facilitating food security and agricultural marketing and trade in Namibia		• To be the best catalyst that ensures compliance to standards and trade in the agronomic and horticultural sectors
MISSION	⟷	**MISSION**
• To enhance food security and facilitate agricultural marketing and trade in Namibia; • To efficiently manage Fresh Produce Business Hubs and the National Strategic Food Reserve; • To promote industrialisation, value addition and standards compliance of agricultural products.		• To ensure compliance to the food safety, marketing standards and trade regulations by the agronomic and horticultural sectors in Namibia and beyond
VALUES	⟷	**VALUES**
Integrity, Transparency, Accountability, Partnership, Service Excellence & Innovation		Integrity, Transparency, Accountability, Partnership, Service Excellence & Innovation

Table 1: The relationship of the mission and vision of the Standards and Trade Division to the vision and mission of AMTA

At the same time, the division was successful in the customisation of the Horticulture Production Database (HPD), which now includes other permits (grain permits) in the system, and the renaming of the HPD to Agricultural Marketing Information Database (AMID). The AMID system is a database tool used to issue import, export and in-transit permits for all agronomic and horticultural products. The AMID system is also used to capture data for imports, exports and local purchases of agronomic and horticultural products based on permit returns (used permits, permit receipts and supplier invoices). In addition, the AMID system was installed and operationalised at 6 border posts, namely Noordoewer, Ariamsvlei, Trans-Kalahari, Walvis Bay, Wenela and Oshikango, in January and February 2016.

The division also did remarkable work during the period under review. Out of the 253 facilities and 417 farms registered, a total of 206 facilities and 107 farms were inspected based on current Standard Operating Procedures (SOPs). Therefore, it is worth mentioning that for the first time AMTA, through the Standards and Trade Division, and in partnership with the Perishable Product Export Control Board (PPECB) South Africa, performed the conformity inspection on technical regulation for the specific marketing standards for table grapes destined for various international markets at sixteen (16) pack-houses at Aussenkehr, Noordoewer, Komsberg and Naute. At the same time, four (4) date pack-houses at Naute, Komsberg, Mariental and Aussenkehr were inspected before export took place. These efforts saw 34 containers of Namibian table grapes shipped through the port of Lüderitz via the port of Rotterdam in the Netherlands to European markets on 16 December 2015.

> The Standards and Trade Division did remarkable work during the period under review. Out of the 253 facilities and 417 farms registered, a total of 206 facilities and 107 farms were inspected based on current Standard Operating Procedures.

The Standards and Trade Division also made great strides in the implementation of food safety aspects in the agronomic and horticultural sectors. Maximum Residue Level (MRL) sampling was done at a national level in the agronomic and horticultural industry. That led to a total of 635 samples (table grapes - 383; potatoes and onions - 68; wheat - 15; rice - 8; maize - 102; mahangu - 42; dates - 12) being collected and analysed.

The division progressed well in the standardisation of AMTA documentation, with 60% of policies, forms and work procedures being standardised. The standardisation is aimed at ensuring that a total quality management system is implemented in line with AMTA's founding strategy (2014-2019) of building a reputable brand through total compliance to food safety and quality management requirements in all its operations.

Additionally, the division made significant progress in stakeholder engagement on a local and international level. The aim of engaging stakeholders was to share and disseminate information and build awareness of AMTA operations on different platforms, such as the National Horticulture Task Team (NHTT), trade fairs, face-to-face meetings, and field visits, through various media, including NBC radio and TV, Kosmos Radio, One Africa TV, various magazines, The Namibian, New Era, Republikein, Namibian Sun, Confidante, Kundana, Windhoek Observer, UNAM, and through community engagement in Ongwediva and Rundu.

6 | NEWS

Friday, July 8 2016 | NEW ERA

Feeding the nation... The total national grain storage capacity now stands at 22 900 tonnes after the completion of the Okongo silos.

Home grown... Fresh tomatoes, just one of the many kinds of home-grown food provided by AMTA as the country battles persistent drought.

Photos: Contributed

AMTA in front line to feed hungry mouths

Deon Schlechter
Windhoek

The Agricultural Marketing and Trade Agency (AMTA) has called on all interested surplus grain producers willing to sell maize and mahangu to join AMTA in addressing the acute shortage of grains countrywide. It is estimated Namibia will have to import more than 160 000 tonnes of cereals this year, mostly from South Africa that is also experiencing a debilitating drought.

AMTA's call comes in the wake of the 2016/17 livelihood vulnerability report released on Monday which states that the drought currently ravaging Namibia has exposed about 730 000 people to food insecurity.

This represents an almost 50 percent increase from last year as the 2015 Crop Prospects, Food Security and Drought Situation report estimated that about 370 000 people were vulnerable to hunger.

Meke Uushona, corporate branding and promotion officer of AMTA says that in line with its mandate, the National Strategic Food Reserve responded to the request from the Office of the Prime Minister's [OPM] Directorate of Disaster and Risk management [DDRM] to release grain from the reserve in order to relieve the food shortage in the country due to drought.

"It is for that reason that AMTA received five purchasing orders since April 2015 to release total tonnage of 22 873 (508 tonnes mahangu and 22 365 tonnes white maize) as a result of persistent drought. The reserve has released grain to OPM-DDRM in order to respond to the food shortage and distributed it to the needy."

She told New Era that the completion of Okongo silo's expansion from 500 tonnes to 4 500 tonnes has brought the total national grain storage capacity to 22 900 tonnes.

AMTA through the National Strategic Food Reserve is currently busy buying grain from the producers, including the green scheme projects, which are the main suppliers to replenish the reserve.

The drought has reduced maize production in the Zambezi, Kavango East and Kavango West regions by 91 percent and reduced milk production in all livestock farming zones.

As a result, 80 percent of farm workers are out of work, while prices of staple food have sharply increased.

At the same time, there has been an increase in human-wildlife conflict.

According to the latest report, compiled by the Office of the Prime Minister and the agriculture ministry, 595 839 people out of the about 730 000 affected need urgent assistance.

The report says about 50% of those who need urgent drought relief food are from the six regions of Omusati (110 388); Ohangwena (101 741); Oshikoto (76 903); Oshana (49 150); Kavango West (47 989); and Kavango East (44 107).

The report titled 'Namibia Rural Food Security and Livelihood Vulnerability Forecast' states that government has to fork out more than N$655 million for drought relief until the next financial year.

Of this amount, food alone requires N$308 million, while water intervention programmes need N$242 million, with the rest earmarked for logistics and milling.

Prime Minister Saara Kuugongelwa-Amadhila on Monday said the government must raise N$655 million for drought relief for the period August 2016 to March 2017.

She said the current drought relief programme, extended from March this year to the end of July, cost government N$90 million.

Standards **and Trade** (continued)

2.2 MARKET RESEARCH AND ADVISORY

The Market Research and Advisory Unit is a sub-unit under the umbrella of the Standards and Trade Division at AMTA. The key responsibilities of the sub-unit are as follows:

- Implementation of the permit system for all controlled and uncontrolled agronomic and horticultural crops for both agronomic and horticultural product imports, exports, and in-transit, as well as permits for animal feed as outlined in the notice given by the Minister of Agriculture, Water and Forestry in December 2014
- Implementation of the Namibian Horticulture Market Share Promotion scheme
- Implementation of the grain marketing scheme
- Implementation of the potato and onion marketing scheme and any other future schemes
- Maintenance and management of the Agricultural Marketing Information Database (AMID) system
- Conduct marketing intelligence and marketing research of all agronomic and horticultural products

2.2.1 Namibian Horticulture Market Share Promotion (MSP) Scheme

The horticulture industry in Namibia has grown from strength to strength since the establishment of the National Horticulture Development Initiative (NHDI) by the Namibian Agronomic Board 15 years ago. This was realised after fresh fruit and vegetables were gazetted under Section 2 of the Agronomic Industry Act (Act No. 20 of 1992). This initiative was started and funded by the Ministry of Agriculture, Water and Forestry and established to promote the consumption of local fresh produce, import substitution, agro-processing and export marketing of local fresh produce.

The NHDI was implemented through the Namibian Horticulture Market Share Promotion scheme, commonly known as MSP. Under this scheme, importers are obliged to ensure that a minimum percentage (%) of their horticultural produce purchases consist of Namibian grown products, prior to qualifying for an import permit in a given quarter. If they do not meet the required percentage they are curtailed in their imports, pro rata, in the subsquent quarter. Through mutual consesus, the MSP moved from 5% in 2005 to 44% currently.

The horticulture industry in Namibia has grown from strength to strength since the establishment of the National Horticulture Development Initiative (NHDI)

However, the 2015/2016 financial year saw the actual average national MSP obtained reach 46% in Quarter 1 of 2016. This is an indication that we are indeed realising our potential of becoming a food secure nation in terms of horticulture fresh produce. It was projected that the maximum MSP percentage Namibia can achieve is 60% in the long term. This signals the potential of increasing local production in the horticulture industry (report by PricewaterhouseCoopers, 2008). The local MSP could be raised to only 60 % due to seasonality and given that a sizeable amount of fresh produce cannot realistically be produced in Namibia.

> **The local MSP could be raised up to only 60 % due to seasonality and given that a sizeable amount of fresh produce cannot realistically be produced in Namibia.**

2.2.1.1 Trend of MSP in monetary value and percentage from 2006 to 2016

Figure 2.1 shows the trend for the monetary values of local sourced fresh produce versus import, as well as the MSP threshold versus actual MSP obtained per quarter. In Quarter 1 of 2006, the MSP threshold was 12.5% compared to 19% actual MSP obtained at national level. In comparison, in Quarter 1 of 2016, the MSP threshold was 44% and the actual MSP obtained was 46%, which is 27% higher than the actual MSP obtained in Quarter 1 of 2006. In monetary value, when the actual MSP obtained for local and imported produce was 19% and 81% respectively, the total turnover at national level was N$9.7 million for local produce and N$40.8 million for imports. In contrast, in Quarter 1 of 2016, the actual MSP was 46% for local and 54% for imports, with a total turnover of N$90.1 million for locally sourced fresh produce, and N$104.4 million for imported fresh produce. The total turnover only applies to purchases of fresh produce that have gone through the formal market.

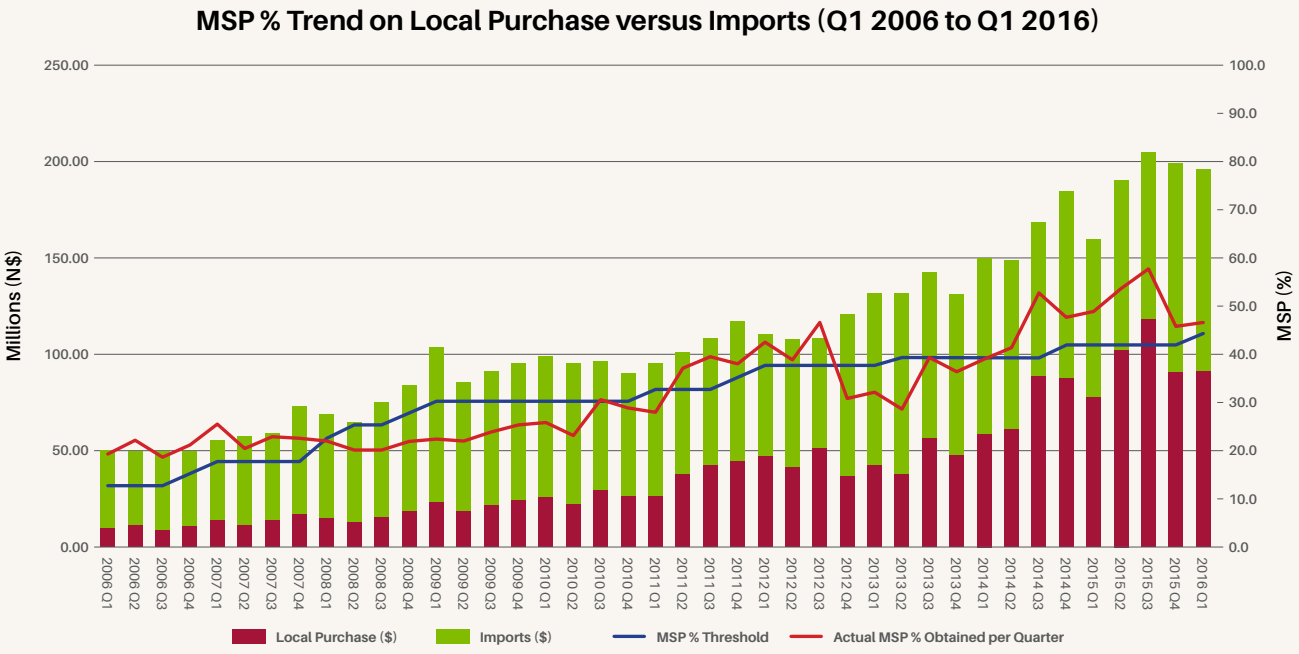


Figure 2.1: Trends of MSP percentage (%) and monetary value (N$) for local fresh produce versus import from Quarter 1, 2006 to Quarter 1, 2016

Standards **and Trade** (continued)

2.2 MARKET RESEARCH AND ADVISORY (continued)

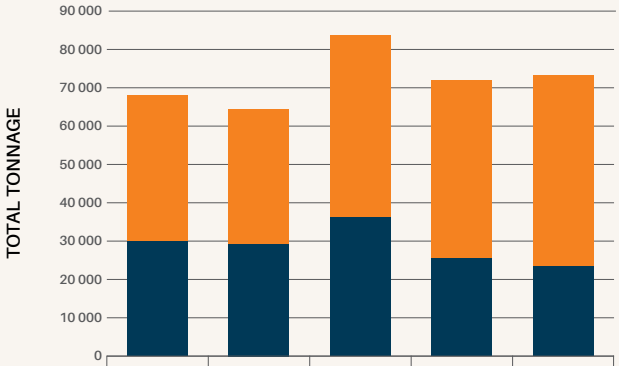
These values show that the establishment of the MSP in 2005 has created an environment for substituting the import of horticulture commodities that can be produced locally, which in turn creates value for the farming industry by facilitating the increased production and income of producers. Similarly, the MSP adds value to the industry by providing easy access and availability of local horticulture fresh produce and facilitates a link between producers and traders through pre-determined planting programmes that guarantee availability of horticulture stock to traders. In addition, the advice and support of the Market Research and Advisory Unit provides an enabling marketing environment for business growth for both traders and producers.

Traders or importers of fresh produce are categorised based on the size of turnover traded per financial year. Figure 2.2 indicates the MSP (%) obtained per category, depicting locally sourced and imported produce during the reporting period. For example, it shows that the very large category – which is classified as having a turnover of between N$7 million and N$16 million – has bought the highest amount of local fresh produce and obtained 57% MSP during the reporting period.

2.2.2 The Performance of the Horticulture Industry for 2010 to 2016

Figures 2.3 and 2.4 show the performance of the horticulture industry in Namibia, both in terms of import and local purchases in tonnage and value for the period of 2010 to 2016. During the reporting period, Namibia imported 50,885 MT of fresh produce. In comparison, locally sourced fresh produce stood at 23,579 MT. In terms of monitory value, local fresh produce was N$174 million, while import was N$496 million.

Horticulture: Tonnage of imports vs local production marketed through formal domestic markets during the period 2011 to 2016 financial year



	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Imports	38 047	34 925	47 347	46 631	49 770
Local Production	30 009	29 411	36 412	25 728	23 579

Figure 2.3: Performance of locally sourced and imported fresh produce in tonnes for the period 2011/2012 to 2015/2016

Market share % achieved by each category of fresh fruits and vegetables traders, during the period 2015 to 2016 financial year

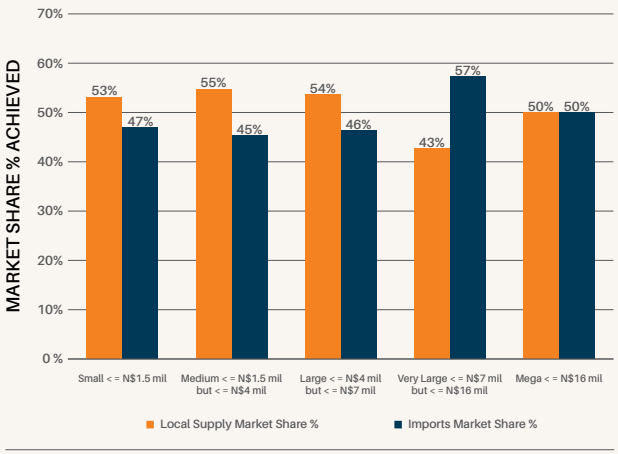
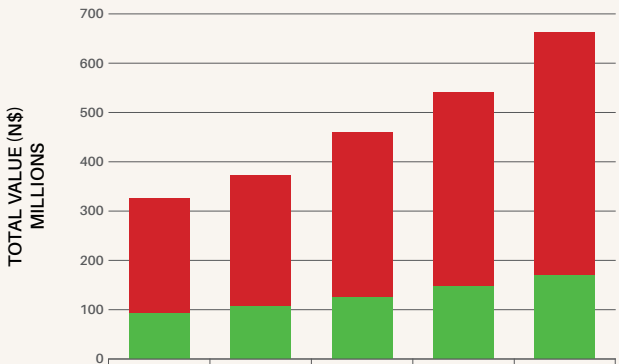


Figure 2.2: MSP obtained per category of traders for fresh fruit and vegetables in the 2015/2016 financial year

Horticulture: Value of imports vs local production marketed through formal domestic markets during the period 2011 to 2016 financial year



	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Imports	230 419 386	261 084 006	331 383 467	389 502 009	489 959 289
Local Production	95 095 704	110 072 355	126 603 369	151 738 006	174 208 986

Figure 2.4: Performance of locally sourced and imported fresh produce in monetory value for the period 2011/2012 to 2015/2016

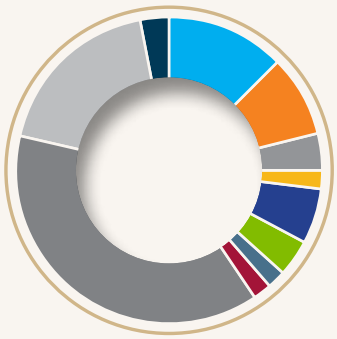
2.2.3 Top 10 Fresh Fruit and Vegetables Traded in Namibia for the 2015/2016 Financial Year

Figure 2.5 shows the top 10 types of fresh produce sourced locally and imported during the financial year under review. In both cases (locally sourced and imported), potatoes were the highest commodity traded in terms of tonnage, contributing 30% (local) and 39% (import) to the total turnover.

2.2.4 Production Forecast for the Top 8 Crops

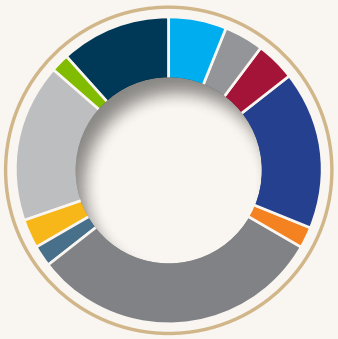
In addition to the production forecast for potato and onion, AMTA introduced the forecast for the top 8 crops that are monitored in terms of production. The crops include cabbage, pepper, tomato, carrot, beetroot, sweet potato, lettuce and butternut. These crops are already controlled crops by law, through the Government Gazette No.146 of 8 August 2002. These top 8 crops were selected based on their significant contribution to demand and the MSP basket in Namibia. The forecast covers a period of six months and is updated on a monthly basis through intensive field verification.

Proportions (% of tonnage) of the top 10 imported fresh produce, marketed through domestic formal markets during the 2015 to 2016 financial year



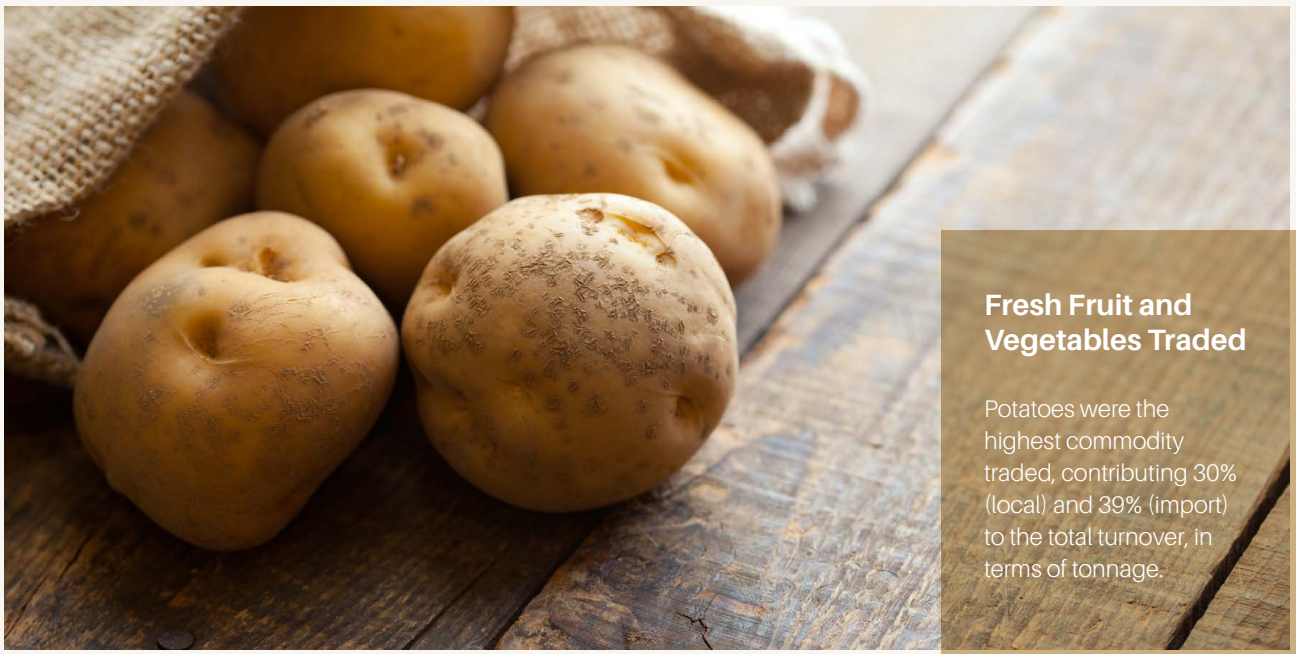
Apples	13%
Bananas	9%
Carrots	4%
Grapes	2%
Onions	6%
Oranges	4%
Avocados	2%
Lettuce	2%
Potatoes Washed	39%
Other	19%
Tomatoes	3%

Proportions (% of tonnage) of the top 10 Namibian fresh produce, marketed through domestic formal markets during the 2015 to 2016 financial year



Cabbage	6%
Carrots	4%
Lettuce	4%
Onions	16%
Pepper	2%
Potatoes (Wash/brush)	30%
English Cucumber	2%
Sweet Melons	3%
Other	16%
Mushrooms	2%
Tomatoes	9%

Figure 2.5: Top 10 local horticultural products versus imports in tonnage for the period 2015 to 2016



Fresh Fruit and Vegetables Traded

Potatoes were the highest commodity traded, contributing 30% (local) and 39% (import) to the total turnover, in terms of tonnage.

Standards **and Trade** (continued)

2.2.5 Potato and Onion Marketing Scheme

2.2.5.1 The potato and onion agreement

During the reporting period, AMTA made significant progress in implementing the potato and onion marketing scheme. The implementation of the permit system for the scheme, in which two import permits are issued to all importing traders in horticultural fresh produce, continued smoothly. The two permits are the normal import permit used for mixed fruit and vegetables, and the special import permit used for potatoes and onions only. The special import permit for potato and onion is issued per consignment and is valid for one month. The issuing of potato and onion special import permits depends solely on the outcome of the six-month production forecast for potatoes and onions, which is updated on a monthly basis. In the event that sufficient supply of potatoes or onions is expected, import restrictions are executed until such time when insufficient supply is expected.

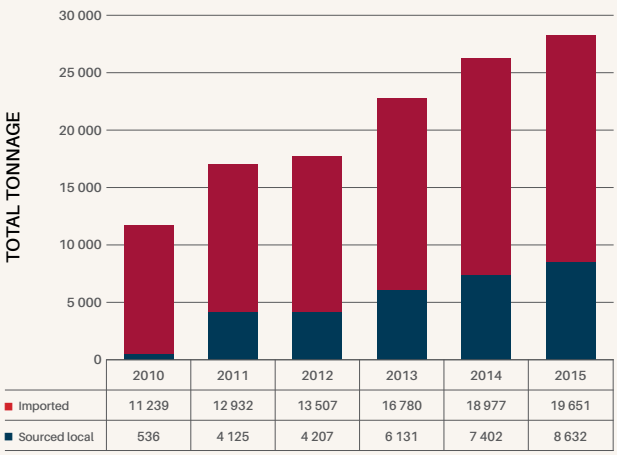
2.2.5.2 Potato and onion production forecast

The potato and onion production forecast is analysed based on expected versus historical domestic demand of the corresponding period of the previous year. The special import permit system is governed by the potato and onion agreement in line with the Horticulture Market Share Promotion rules and regulations. During the reporting period, no major problems or complaints were encountered in terms of the implementation of the closed border period and restrictions of imports based on the forecast production. This implies that the forecast production versus historic data was done accurately and effectively.

2.2.5.3 Potato and onion monthly performance in monetary value and tonnage for 2011 to 2016

Figures 2.6 and 2.7 show the performance of locally sourced and imported potatoes and onions in tonnage and value, for the period 2010 to 2015. According to Figures 2.6 and 2.7, the total tonnage and value of potatoes sourced from local producers increased from 536 MT (N$2 million in value) during the year 2010 to 8,632 MT (N$35,144,696 million in value) in 2015. However, although the growth has been quite significant since 2010, it remained less than 50% for the rest of the period, when compared to imported potatoes in terms of tonnage and value. This presents a market opportunity for local producers of potatoes to increase production and engage in washing of potatoes.

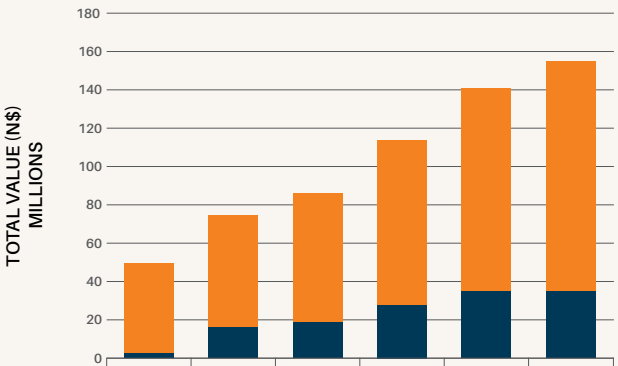
Potatoes: Performance of local vs imported tonnage for the year 2010 to 2015



	2010	2011	2012	2013	2014	2015
Imported	11 239	12 932	13 507	16 780	18 977	19 651
Sourced local	536	4 125	4 207	6 131	7 402	8 632

Figure 2.6: Performance of potatoes (local vs imported) in tonnage from 2010 to 2015

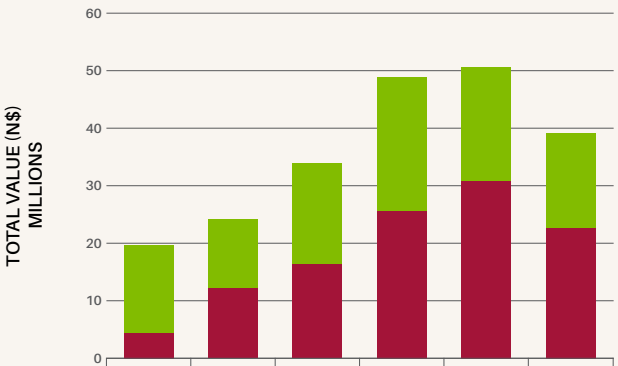
Potatoes: Performance of local vs imported value for the period 2010 to 2014



	2010	2011	2012	2013	2014	2015
Imports	47 189 421	57 898 563	66 709 003	85 594 145	105 161 576	119 706 596
Sourced local	2 289 993	16 872 864	19 119 021	27 885 464	35 474 734	35 144 696

Figure 2.7: Performance of potatoes (local vs imported) in value from 2010 to 2015

Onion: Performance of local vs imported value for the year 2010 to 2015



	2010	2011	2012	2013	2014	2015
Imports	15 127 936	12 135 385	17 488 737	23 355 431	19 975 260	16 579 723
Sourced local	4 432 291	12 154 376	16 347 031	25 599 255	30 745 921	22 683 944

Figure 2.9: Performance of onions (local vs imported) in value from 2010 to 2015

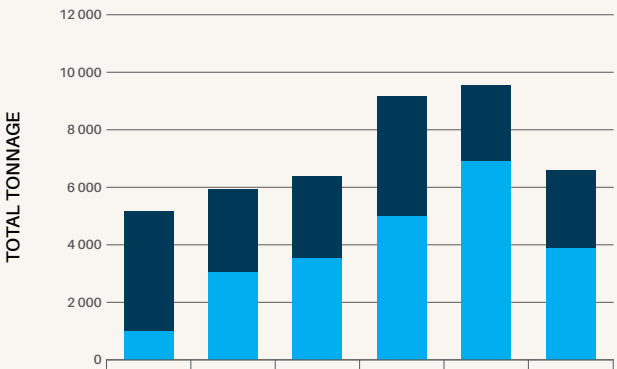
On the other hand, according to Figures 2.8 and 2.9, the total tonnage and value of onions sourced from local producers increased from 1,027 MT (N$4 million in value) during 2010 to 3,915 MT (N$22 million in value) in 2015, while imported onions remained lower nearly throughout the period, in terms of tonnage and value, except in 2010. This implies a turn-around of market share of onions in Namibia for which import substitution is visible and importation of onions is decreasing, while both the tonnage and value of locally sourced onions is increasing.

2.2.6 Export of Fresh Produce

2.2.6.1 Potato and onion exports

Figures 2.10 and 2.11 indicate the total tonnage of potatoes and onions exported from Namibia during the reporting period. The highest volume of unwashed potatoes stood at 1,386 MT and was exported in July 2015, whereas the highest volume of onions was 2,697 MT, exported in October 2015.

Onions: Performance of local vs imported tonnage for the period 2010 to 2015



	2010	2011	2012	2013	2014	2015
Imported	4 142	2 893	2 858	4 157	2 672	2 709
Sourced local	1 027	3 054	3 533	5 030	6 879	3 915

Figure 2.8: Performance of onions (local vs imported) in tonnage from 2010 to 2015

Unwashed Potatoes: Export tonnage for the 2015 / 2016 financial year

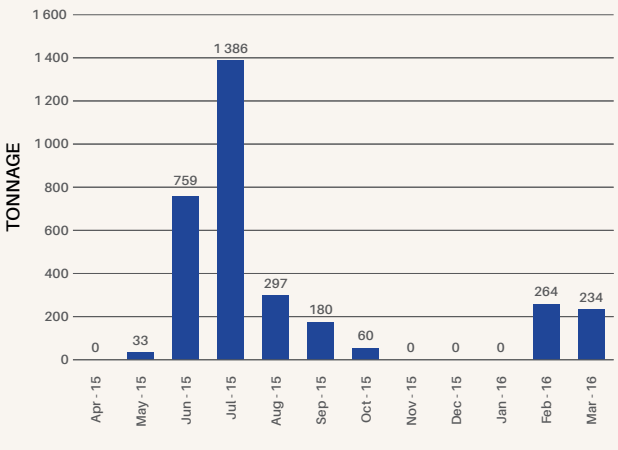


Figure 2.10: Total tonnage of potatoes exported in 2015

Standards **and Trade** (continued)

Normal Onions: Export tonnage for the 2015 / 2016 financial year

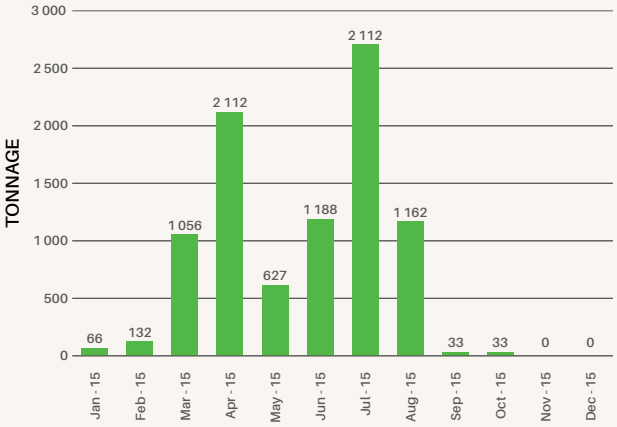


Figure 2.11: Total tonnage of onions exported in the 2015/2016 financial year

Grapes: Export tonnage vs hectares under production for the period 2010 to 2015

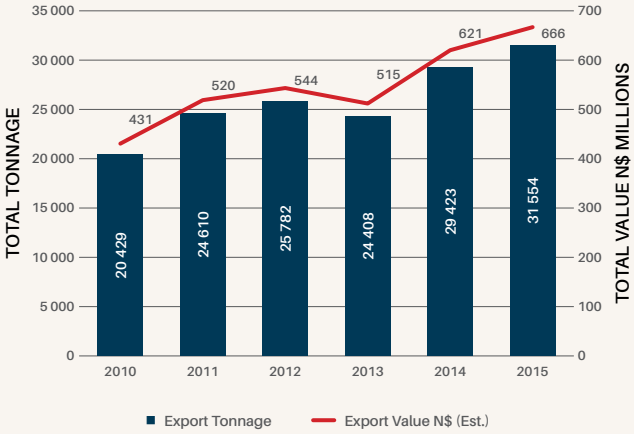


Figure 2.12: Trend for the total tonnage and value of table grapes exported from 2010 to 2015

2.2.6.2 Table grapes export

Figure 2.12 shows the trend of table grapes exported to international markets from the 2010 to 2015 marketing seasons. During the reporting period, 31,555 MT with an estimated value of N$666 million was exported for the 2015/2016 harvesting season.

Minister of Agriculture, Water and Forestry, Hon. John Mutorwa shaking hands with Bisey Uirab, Namport CEO, as AMTA MD, Lungameni Lucas, looks on

2.2.7 Namibian Grain Marketing Schemes

2.2.7.1 White maize

Africa is one of the few continents that produces white maize for human consumption. Worldwide, most countries produce corn (yellow maize) for cattle feed. White maize and mahangu are staple grains in Namibia and are grown almost exclusively for human consumption. Namibia produces white maize under both rain-fed conditions and irrigation. Figure 2.13 shows the trend for the white maize grain bought locally (39,161 MT) compared to imports (120,659 MT). Figure 2.14 indicates the total demand for white maize, which was 159,820 MT during the reporting period, including both locally sourced and imported white maize. The floor price during the reporting period was N$3,617 per MT, as shown in Figure 2.15.

White Maize: Total domestic demand (tonnage) for the period 2010 to 2016

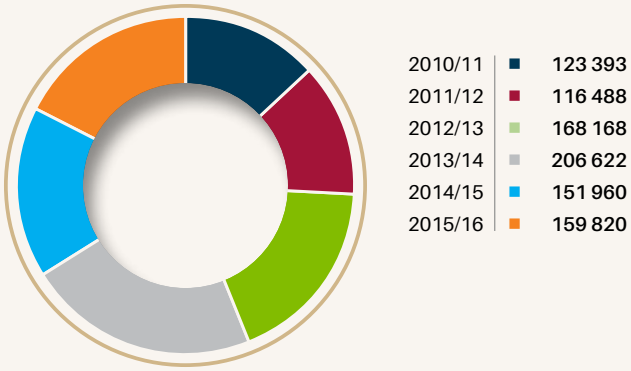
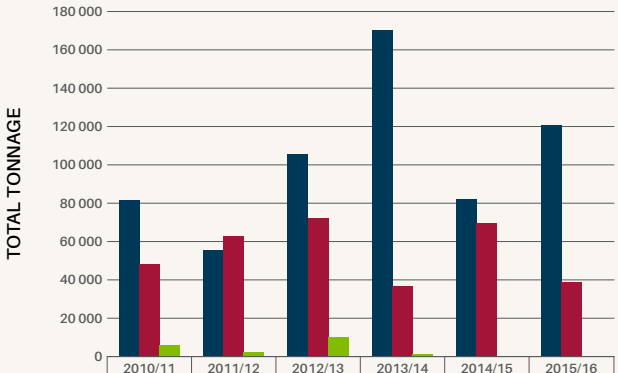


Figure 2.14: Total domestic demand for white maize in tonnage for the period 2010/2011 to 2015/2016

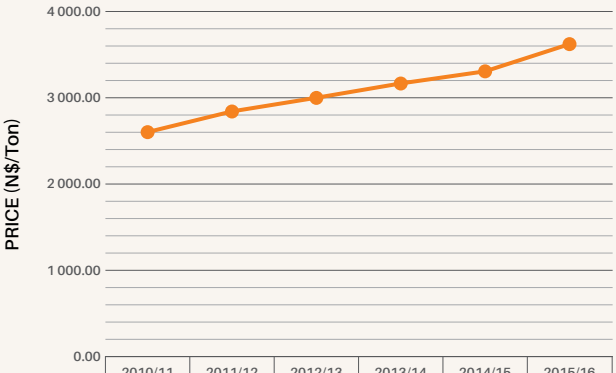
White Maize: Tonnage of imports and local production marketed through formal domestic markets and exported during the period 2010 to 2016



	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Local	81 111	55 305	105 742	170 234	82 527	120 659
Imports	47 961	63 228	72 438	36 694	69 433	39 161
Exports	5 679	2 045	10 012	306	—	—

Figure 2.13: Trend of white maize imports vs locally sourced tonnage and export for the period 2010/2011 to 2015/2016

White Maize: Domestic floor price per tonne (Otavi) for the period 2010 to 2016



	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Floor price (N$)/Tonne	2 614.00	2 831.37	2 998.00	3 169.00	3 302.00	3 617.00

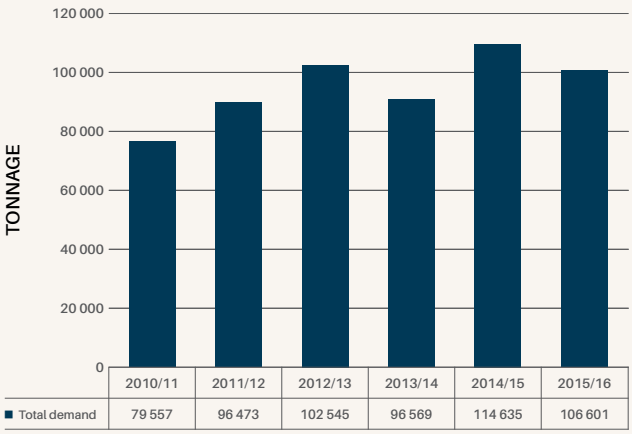
Figure 2.15: White maize domestic floor price per MT for the period 2010/2011 to 2015/2016

Standards **and Trade** (continued)

2.2.7.2 Wheat

Wheat is a winter crop and is planted under irrigation in June or July every year in Namibia. Wheat is marketed in terms of an agreement signed between processors and producers. Figures 2.16, 2.17 and 2.18 show import vs local production, total domestic demand and domestic floor price of wheat, respectively.

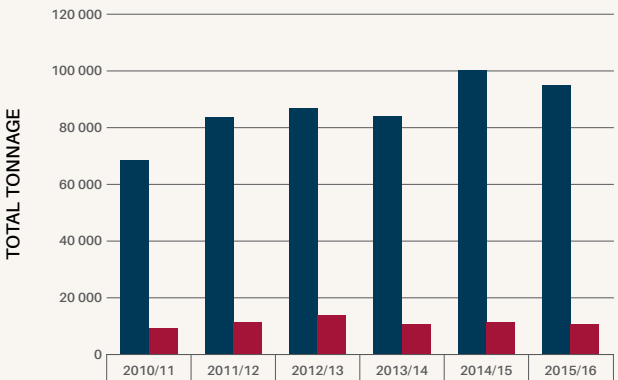
Wheat: Total domestic demand (tonnage) for the period 2010 to 2016



	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Total demand	79 557	96 473	102 545	96 569	114 635	106 601

Figure 2.17: Total domestic demand for wheat for the period 2010/2011 to 2015/2016

Wheat: Tonnage of imports vs local production marketed through formal domestic markets during the period 2010 to 2016



	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Imports	69 519	84 543	87 726	85 257	103 035	95 190
Local	10 038	11 930	14 819	11 312	11 600	11 411

Figure 2.16: Wheat imports vs locally purchased wheat in tonnage for the period 2010/2011 to 2015/2016

Wheat: Domestic floor price (N$)/tonne for the period 2010 to 2016

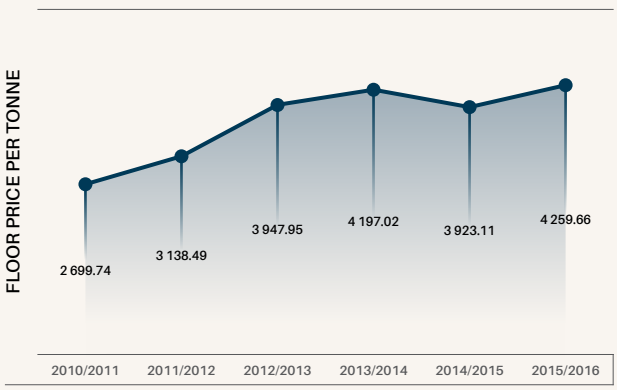


Figure 2.18: Wheat domestic floor price per MT for the period 2010/2011 to 2015/2016

2.2.7.3 Pearl millet

Figure 2.19 shows the trend for imported pearl millet versus locally sourced pearl millet. During the reporting period, 6,096 MT was imported, while only 111 MT was sourced locally. The high reduction in tonnage of locally sourced pearl millet can be attributed to the negative effects of the drought experienced during the 2014/2015 growing season. Figure 2.20 indicates the total domestic demand for pearl millet (6,207 MT in 2015/2016), with Figure 2.21 indicating the domestic floor price per MT during the same period as N$3,475.

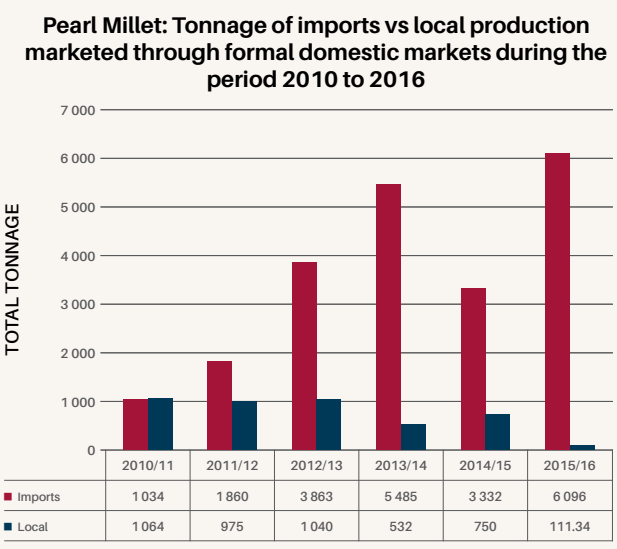


Figure 2.19: Tonnage of imported vs local pearl millet for the period 2010/2011 to 2015/2016

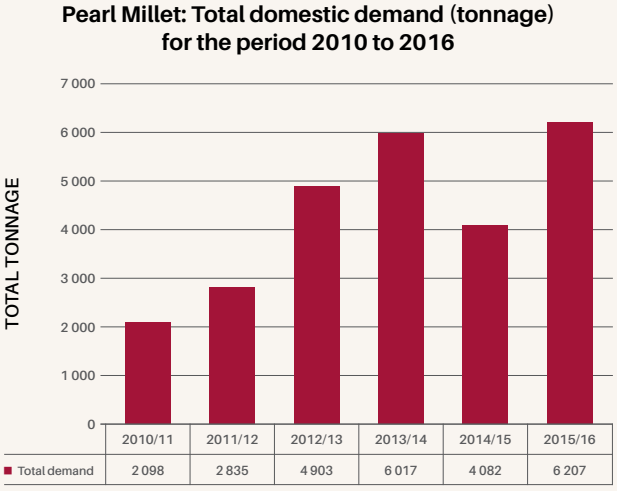


Figure 2.20: Total domestic demand for pearl millet for the period 2010/2011 to 2015/2016

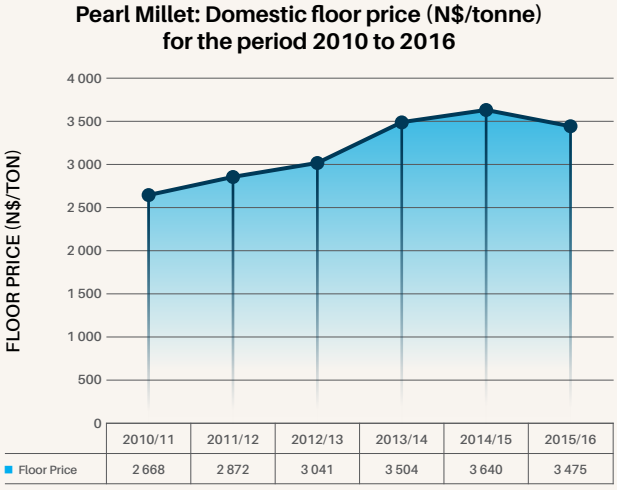
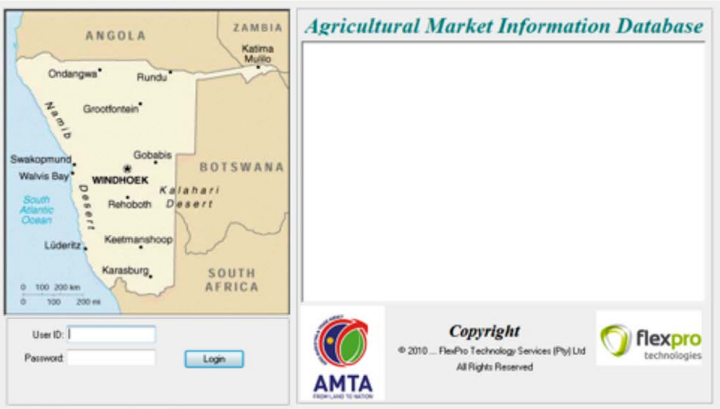


Figure 2.21: Pearl millet floor price per MT for the period 2010/2011 to 2015/2016

Standards **and Trade** (continued)

2.2.8 Agricultural Marketing Information Database (AMID) System

The AMID system is an online database system that AMTA uses to issue import, export, and in-transit permits. The system is also used to issue electronic permit receipts at every port of entry or exit for agronomic and horticultural produce. The permit receipts issuance enables AMTA to immediately monitor all permits issued and provides real time data or statistics on the total number of consignments that enter or exit Namibia. In the past, AMTA had to wait 1 month before finding out the total tonnage and value of agronomic and horticultural products imported, exported and in-transited for each individual trader, for each day. The permit receipt operates by verifying permit details with the actual details on the invoice, as well the validity of the permits before a receipt is issued to the client. The system is also used to capture data on import, export, in-transit and local purchases from invoices that a submitted by traders to AMTA on a monthly basis for the purpose of levies and statistics.



> The permit receipts issuance enables AMTA to monitor and control all the permits issued and used, and provides real time data or statistics on the total tonnage and value of agronomic and horticultural products that enter or exit Namibia – as it happens. In the past, AMTA had to wait 1 month before finding out the total tonnage and value of agronomic and horticultural products that entered and exited through our borders.

2.2.8.1 Introduction of electronic grain permits

The AMID system was customised to include grain permits, with implementation starting in December 2015. This lead to the enhancement of data management of both local purchases, imports and exports, because all actual data for grain is captured on the AMID system rather than on Excel, as was done in the past. The time spent on printing permits has been reduced from 10 minutes per permit to only 1 minute per permit.

2.2.8.2 AMID: Multiple permit printing system

In an effort to improve service delivery, the AMID system was also customised in order to be able to issue multiple permits, just by pressing a button. This has ensured that all permits are processed and issued within the 3-working day turn-around time stipulated by AMTA. The system has the capacity to issue 200 permits in 4 hours. In comparison, in the past issuing 200 permits could take up to 2 working days.

2.2.8.3 Introduction of permit receipt monitoring at six border posts

The AMID permit receipt system has been successfully introduced at the following border posts: Noordoewer, Ariamsvlei, Trans-Kalahari, Oshikango, Walvis Bay and Wenela. All permits at these border posts are now monitored and controlled through this permit receipt system. Currently, reports on the number of trucks entering or exiting Namibian borders can be viewed any time, without having to wait for this data to be sent from borders at the end of the month. The same applies to permit balances, and permits issued, used and cancelled. In addition, expired permits can be drawn from the system. In-transit permits are monitored from the time they enter to the time they exit the country, in order to ensure that in-transit produce does not end up in our local markets. The system will be rolled out to the remaining three (3) border posts, i.e. Katwitwi, Muhembo and Ngoma, during the 2016/2017 financial year.

2.3 BORDER CONTROL AND INLAND INSPECTORATE

The Border Control Inspectorate Unit's responsibility is to manage all ports of entry and exit in Namibia for agronomic and horticultural products, fertilisers and pesticides, as stipulated in the Namibian Agronomic Industry Act (Act No. 20 of 1992), the Plant Quarantine Act (Act No. 7 of 2008) and the draft Namibia Pest Control Products Bill (2015) and the Namibia Food Safety Policy (2014). In addition, the unit must ensure that all agronomic products that enter/leave the country meet international standards. These responsibilities prompted the need to create the current Standard Operating Manual to serve as a guiding document for the control of plants, plant products and other regulated articles to be imported into Namibia. The Border Control Inspectorate Unit is also responsible for the inspection of all imported, in-transit and exported agronomic products in terms of documentation compliance – permit consistencies, certification and official declaration status of consignments.

The aim of these measures is to ensure fair trade in the agronomic and horticultural industry. Hence AMTA has recruited and deployed a number of border inspectors at Namibian border posts. The Border Control Inspectorate Unit has offices at 9 different ports of entry and exit in Namibia, namely Ngoma, Wenela, Muhembo, Katwitwi, Oshikango, Walvis Bay, Trans-Kalahari, Ariamsvlei and Noordoewer. AMTA Senior Border Inspectors, Border Inspectors and Assistant Border Inspectors are stationed at each of these ports of entry and exit. In addition, Inland Inspectors are employed to conduct inspections and document verifications on export, import and in-transit agronomic produce across Namibia, when necessary. These inspectors are also tasked with unsealing trucks carrying agronomic or horticultural products at the first point of off-loading.

2.3.1 Border Control

The Agricultural Marketing Information Database (AMID) system is currently being used by the Border control unit to ensure that traders comply with the agronomic and horticultural permit conditions, for all permits issued by AMTA, through a permit receipt system issued at each port of entry or exit. A total number of **14,513** (58%) trucks with agronomic and horticultural imports, **9,187** (37%) in-transit trucks, and **1,167** (5%) trucks with agronomic and horticultural exports were recorded.

Due to the enhanced border control and inland inspection services, a combined total of 378 consingment trucks carrying fresh produce, fertilisers and pestcides, animal feed, or grains/grain products were detained for various reasons, including expired permits, exceeded import value and tonnage, use of unauthorised transport system for agronomic and horticultural fresh produce consignments, and expired Sanitary and Phytosanitary Certificates. In addition, it was discovered that some consignments with a combined total of 39 MT of fresh produce were imported into the country illegally and without authorisation. Seven (7) traders were given penalties and written warnings due to illegal imports into the country and illegal activies, such as breaking of AMTA seals without the presence of an AMTA Border or Inland Inspector for verification and monitoring of consignments during trans-shipment or off-loading.

Annual Agronomic Trucks Across Namibia 2015-2016

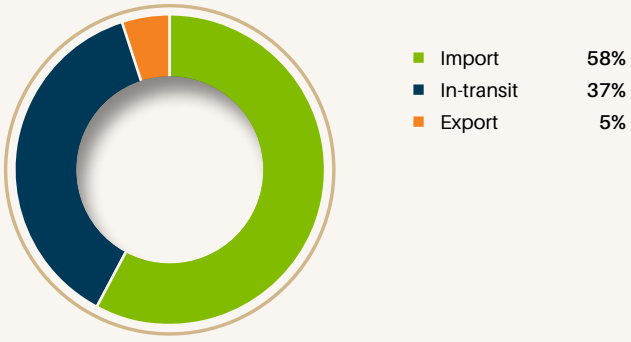


Figure 2.22: Import, export and in-transit trucks carrying agronomic and horticultural products into, out of and through Namibia in the 2015/2016 financial year

Standards **and Trade** (continued)

2.3.1.1 Import

During the 2015/2016 financial year, a total of **14,513** trucks importing agronomic and horticultural products into Namibia were sealed and recorded by AMTA inspectors at ports of entry during transportation to their destinations. Figure 2.23 indicates the number of import trucks transporting agronomic and horticultural produce per individual products, such as fresh produce, grain/grain products, animals feed, fertilisers, and plant protections (herbicides and pesticides).

2.3.1.2 Export

The 2015/2016 financial year indicated that the export of agronomic and horticultural produce per individual product, such as fresh produce, grain/grains products, animals feed, fertilisers, and plant protections (herbicides and pesticides) from Namibia is very low, compared to agronomic and horticultural produce imports. Figure 2.24 shows the number of trucks exporting agronomic and horticultural produce to South Africa and Angola.

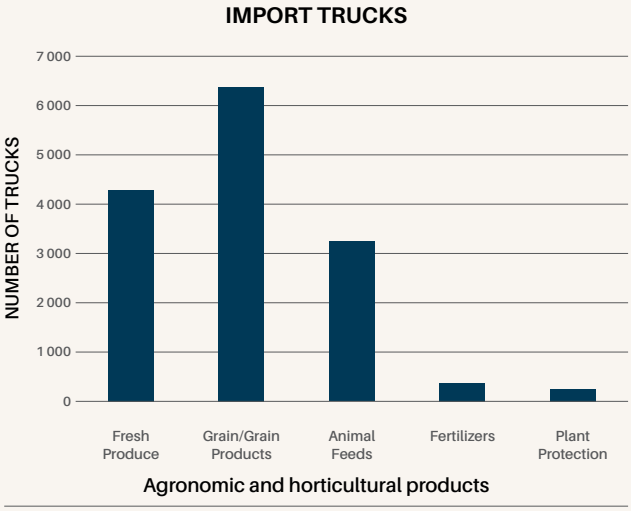


Figure 2.23: Number of import trucks carrying agronomic and horticultural products into Namibia

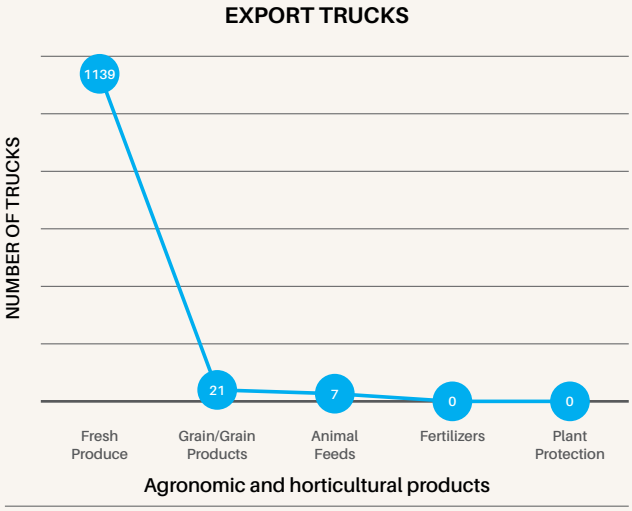


Figure 2.24: Number of export trucks carrying agronomic and horticultural products out of Namibia in the 2015/2016 financial year

2.3.1.3 In-transit

Border Inspectors are responsible for conducting inspections and document verifications for in-transit agronomic and horticultural produce trucks that cross Namibia to neighbouring countries, such as Zambia, Angola, the DRC, and Zimbabwe. During the 2015/2016 financial year, the Border Control Inspectorate Unit inspected and verified a large number of in-transit trucks carrying agronomic and horticultural produce, as indicated in Figure 2.25. All trucks complied with the Namibian Agronomic Industry Act (Act No. 20 of 1992), the Pest Control Act and the Namibia Food Safety Bill.

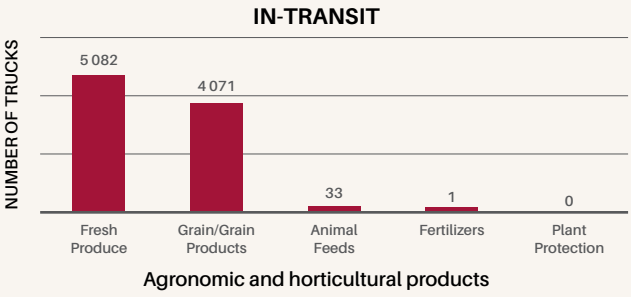


Figure 2.25: Number of in-transit trucks carrying agronomic and horticultural products through Namibia in the 2015/2016 financial year

2.3.2 Inland Inspections

To date, a total of 14,513 consignment trucks for the import of fresh produce, fertilisers and pesticides, animal feed, and grains/grain products, was inspected during off-loading. In addition, 9,187 trucks with in-transit consignments of fresh produce, fertilisers, animal feed, and grains/ grain products were inspected. During the reporting period, Inland Inspectors discovered unauthorised import consignments of white onions and other fresh produce, with a combined tonnage of 39 M, from various traders. The produce was confiscated and donated to charity.

2.4 FACILITIES AND FARM INSPECTORATE

The Farms and Facilities Inspectorate (FFI) Unit is responsible for promoting, facilitating and enforcing standards compliance for agricultural production in Namibia. The unit also develops systems and operating procedures for monitoring agronomic and horticultural marketing and production standards. This is done by conducting conformity inspection as stipulated in the Namibia Agronomic Industry Act (Act No. 20 of 1992) and the Namibia Food Safety Policy. The FFI unit has 8 Agronomic Standards Inspectors for all agronomic and horticultural production zones in Namibia. They oversee standards compliance and inform stakeholders about AMTA's roles and activities in their designated areas. The agricultural zones are designated as Central, South, Coastal, Karas, Kavango, Zambezi, North Central East, and North Central West.

2.4.1 Facilities Inspection

Agricultural produce is graded, packed, processed and stored in various establishments with different food safety risks. For inspection purposes, the FFI unit registers agronomic and horticultural facilities in all regions and categorises them as pack-houses, retailers, distribution centres, silos or milling facilities. The inspection of facilities is based on HACCP principles and inspection criteria focus on facility design and construction, hygiene procedures and process control, produce traceability systems and pest control. During the financial year 2015/2016, the FFI unit registered a total of 255 agronomic and horticultural facilities and inspected a total of 206 facilities, as shown in Table 2. The inspection programme will continue to cover all registered facilities and the process will be repeated annually.

Production zones	Establishments registered				
	Retailer	Distribution Centre	Pack-house	Miller	Silo
Central	38	4	2	7	3
Coastal	28	7	0	0	0
South	17	1	20	1	0
Karas	19	0	1	3	0
Kavango	10	1	0	4	5
Zambezi	4	0	0	5	1
North C East	30	1	1	7	4
North C West	19	1	0	6	4
Total	**166**	**15**	**24**	**33**	**17**

Table 2: Number of agronomic and horticultural facilities registered per production region during the 2015/2016 financial year

Standards **and Trade** (continued)

2.4.2 Farms Inspection

Producers of agronomic and horticultural products are registered by the FFI unit and inspected for Good Agricultural Practices (GAP). A database for registered producers was established to provide food safety status for local agronomic and horticultural producers. During the period under review, 417 agronomic and horticultural farms were registered and 107 farms were inspected, as indicated on Table 3. In future, the FFI unit will dedicate more time to the GAP inspection programme in order to ensure that all registered farms are inspected and their food safety status is recorded.

Production region	Number of Farms Registered
Central	39
Coastal	4
South	42
Karas	105
Kavango	106
Zambezi	12
North C East	8
North C West	101
Total	**41**

Table 3: Number of agronomic and horticultural farms registered per production region

2.4.3 Conformity Inspection

Agronomic and horticultural produce that is graded, packed, marked and intended for local and export markets is inspected for marketing standards. During the 2015/2016 period, FFI staff together with other personnel from the Standards and Trade Division conducted conformity inspection on table grapes with PPECB. Fourteen (14) staff members from the Standards and Trade Division successfully completed the training programme on table grapes inspection. A total of 7,379,550 cartons of table grapes were inspected during the season. From 22 February to 4 March 2016, FFI inspectors attended training on the inspection, grading and classification of fresh produce conducted by Prokon at the Rundu Fresh Produce Business Hub. The FFI inspectors also attended training on grain grading conducted by the National Sanitary Foundation (NSF) South Africa from 14 to 22 March 2016 at Rundu.

2.4.4 Table Grapes

Sixteen (16) table grape farms in Namibia are registered and allocated production unit codes (PUC) and pack-house codes (PHC) for regulatory and traceability purposes. An increase in new table grape cultivars has been observed in Namibia with high demand of seedless grapes. Cultivars packed during the 2015/2016 season include: Thompson, Flame seedless, Prime, Sugra one, Early sweet, Melody, Autumn royal, Starlight, Arra 5, Arra 10, Arra 12 to 18, Arra 20, Arra 38, Crimson, Magenta, Star grape 2, Dan Ban Hannah, Rally seedless, Krissy, Jack salute, Red globe, Victoria, Sweet celebration, Sweet sapphire, Desert dawn, Sweet globe, Ralli, Moonballs, Desert seedless, and Coachella. In Namibia, commercial table grapes are only produced in the Karas Region at four different production areas, namely Naute Dam (85 Ha), Komsberg (149 Ha), Noordoewer (86 Ha) and Aussenkehr (1,696 Ha). For the 2015/2016 production season, 2,023 Ha were under production. Figure 2.26 shows the percentage of table grapes production per production area for the 2015/2016 season.

Percentage of table grapes production per area

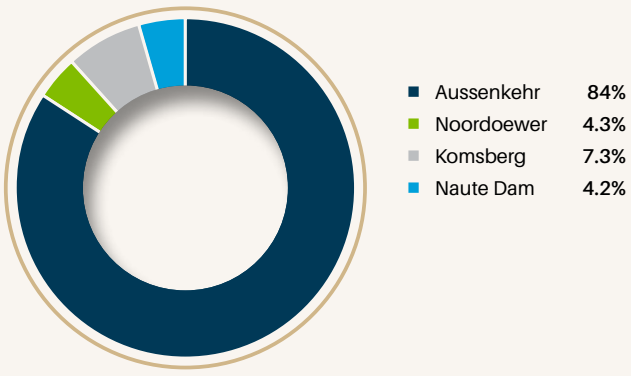


Figure 2.26 Table grape production per area in percentage

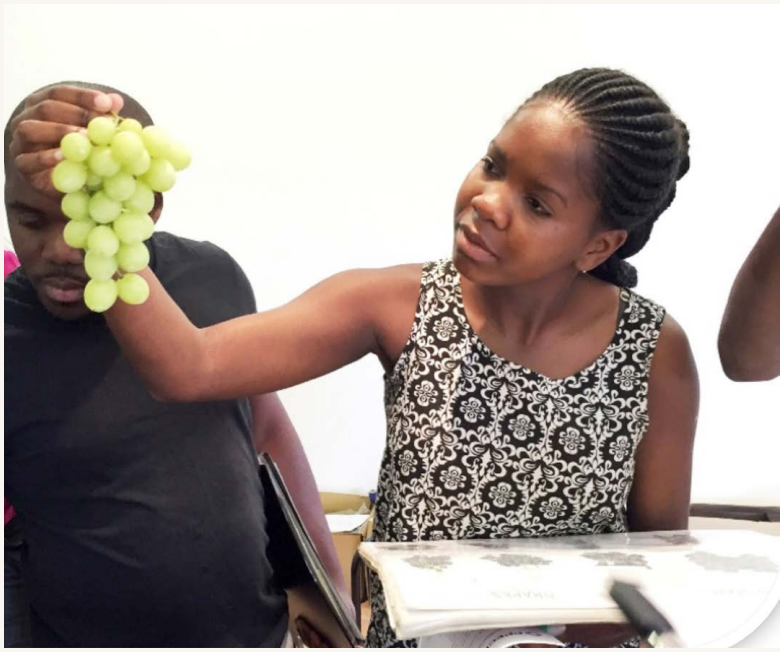
All table grape producers use conventional pack-houses to pack their grapes for local and export markets, except for ORVI and Al-Dhahra, who use a field packing system commonly known as California style to pack their table grapes. The field packing system has the advantage of less handling of fruits when compared to the conventional packing system, which can potentially reduce the fruits' bloom due to excessive handling. However, fewer cartons per given time are packed with the field packing system than in conventional pack-houses.

TABLE GRAPES PACK-HOUSES	PHC/PUC	PRODUCERS USING THE PACK HOUSE
Exotic	U0164	Waterstone
ORVI	U0171	Orange River Vineyard Investment
Nagrapex	U0169	Lakeside
Nivex	U0167	Riverside
NGC A	U0114	Namibia Grape Company Phase A
NGC B	U0115	Namibia Grape Company Phase B
NGC C	U0116	Namibia Grape Company Phase C
ORIP	A6237	Orange River Irrigation Project/Agribusdev
COC A	U0135A	Cape Orchard Company
COC B	U0135B	First Grape Namib, Luxury Investment
Makalane	U0115	Makalane Grape
Joydale	U0140	Joydale Grape Farm
NDC Naute	U0130	NDC
Al-Dhahra	NA	Al-Dhahra
Komsberg	U0105	Komsberg Farming
Solar	U0110	Solar Grape, Frontier

Table 4: Grape pack-houses and producers using the pack-house system

Standards **and Trade** (continued)

2.4.4.1 Table grapes inspection



Before table grapes are packed, pre-packing inspection is conducted to assess the condition of the pack-house and the inspection room. Inspections are done according to the requirements of the PPECB or South African technical regulations.

Producers are required to obtain a food safety certificate before packing table grapes for local and export markets. Copies of the food safety certificate must be obtained and kept in pack-house files before packing may commence.

In order to determine the set tolerance for each cultivar during inspection, inspectors use specialised equipment, including a calibrated refractometer, sizing rings and a colour chart. The scope of inspections is based on South African minimum standards for export table grapes. Minimum requirements must be met in order for a consignment of table grapes to be passed for export.

During the reporting period, product inspection was conducted throughout the value chain in order to ensure that there is value addition in the entire inspection process.

Table grapes in a sampled consignment had to comply with the food safety standards and the traceability requirements, and be packed in containers which comply with packaging requirements and were marked according to marking require¬ments. Samples were drawn and inspected in accordance with the set standard methods and consignments were presented for inspection in accordance with the Regulations Regarding Control of the Export of Table Grapes.

Table Grapes: Total number of cartons inspected per week during the 2015/16 harvesting season

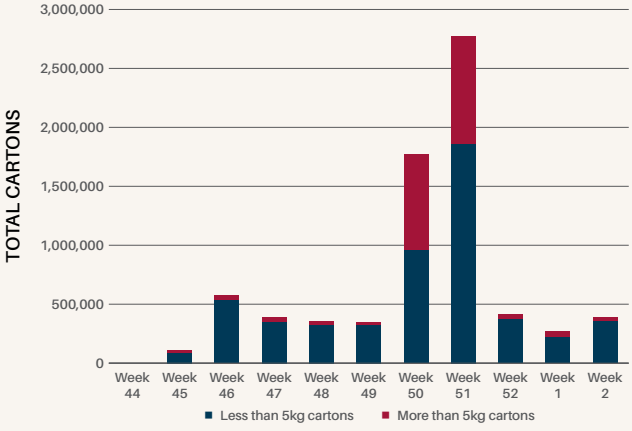


Figure 2.27: Number of cartons of table grapes inspected per week during the 2015/2016 season

2.4.5 Dates

Date production for local and export markets takes place at Mariental, Naute, Komsberg and Aussenkehr, over a combined total area of 379 Ha. The size of the different production areas is summarised in Table 5.

Production site	Size of production area in Ha
Mariental	29
Naute Dam	220
Aussenkehr	40
Komsberg	90

Table 5: Date production size per production area

Figure 2.28 shows the sizes of the production areas in Ha cultivated by the different date producers in Namibia.

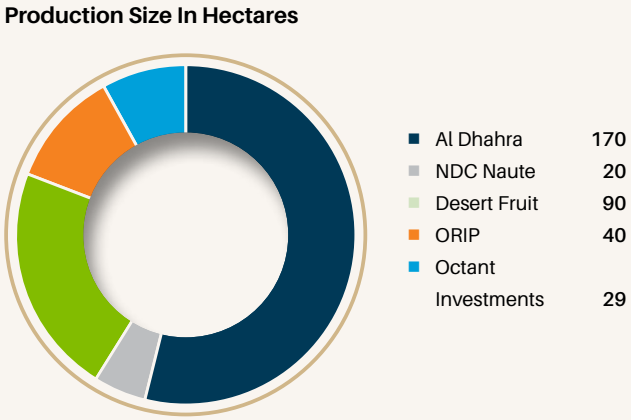


Figure 2.28 The production of dates in Namibia in hectares

The date harvest season commences at the end of January and runs until the end of May. A total of 393.56 MT of dates was harvested in 2016, of which more than 98% was exported to Europe and the Middle East.

2.4.6 Trans-shipment of Table Grapes via Lüderitz

2.4.6.1 Cold chain management and monitoring for the table grapes shipped via the project

The Quality Assurance (QA) Manager and QA Officer were attached to the Cold Chain Management and Monitoring project for grapes exported via Lüderitz to Rotterdam in December 2015.

The project, which involved monitoring the 34 containers (184,000 cartons) during loading, and off-loading at port until shipment, was successfully executed. All containers remained within temperature specifications during transit and upon arrival at the discharge port (Rotterdam).

Figures 2.29 and 2.30 depict the Delivery Air Temperature (DAT) and Return Air Temperature (RAT) recorded during the transit of containers for Namibian table grapes shipped and exported via the Lüderitz-Rotterdam route in December 2015.

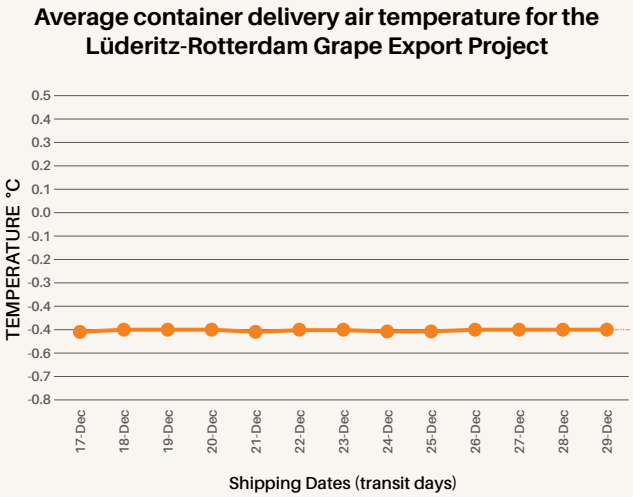


Figure 2.29: Average container DAT recorded during transit for the Lüderitz-Rotterdam Grape Export Project

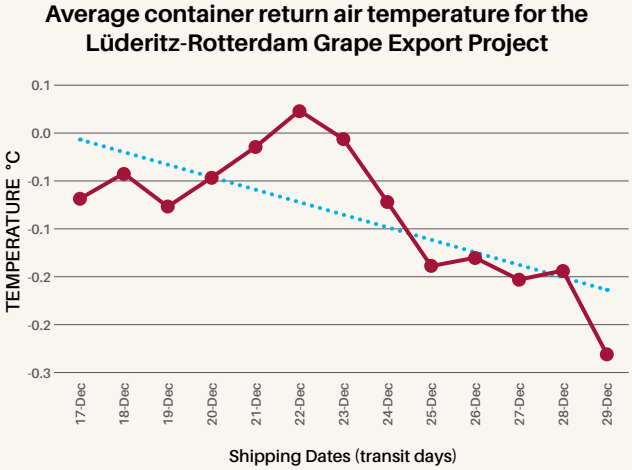


Figure 2.30: Average container RAT during transit for the Lüderitz-Rotterdam Grape Export Project

Standards **and Trade** (continued)

2.5 FOOD SAFETY AND STANDARDS

2.5.1 Introduction

The main objectives of the Food Safety and Standards Unit are to:

- Facilitate compliance of all agricultural inputs and products produced in, exported from or imported into Namibia, thereby promoting efficient production, consumer food safety and trade
- Render complete and cost-effective quality assurance, products management and grading services that include the establishment and maintenance of efficient information systems, grading information programmes and problem solving networks

In addition, the unit monitors and verifies food safety status through MRL sampling and ensures that all of AMTA's operations are compliant with various statutory requirements and aligned with various national and international standards.

During the reporting period, the Food Safety and Standards Unit within the Standards and Trade Division implemented and accomplished various tasks and projects as put forth in the annual work plan 2015/2016. The unit made great strides in the implementation of food safety aspects in the agronomic and horticultural sectors by conducting Maximum Residue Level (MRL) sampling at a national level in the agronomic and horticultural industry. A total of 635 samples (table grapes - 383; potatoes and onions - 68; wheat - 15; rice - 8; maize - 102; mahangu - 42; dates - 12) was collected and analysed.

The unit made significant progress in stakeholder engagements both on a local and international level. The aim of stakeholder engagement was to create awareness and share and disseminate information with regards to AMTA operations at different platforms such as NHTT, trade fairs, face-to-face meetings, field visits, as well as international engagements such as OECD, UNECE, FAO and SADC.

Figure 2.31 outlines the organisational set-up of the Food Safety and Standards Unit

Figure 2.31: Organisational structure of the AMTA Food Safety and Standards Unit

The unit consists of the following staff members:

- 2x Food Safety Officers
- 2x Quality Assurance Officers
- 1x Laboratory Development Officer
- 1x Quality Assurance Manager (TQM-specialised assignment)
- 1x Manager Food Safety and Standards Unit

The AMTA Food Safety and Standards Unit has adopted the 5-component official food safety control approach as depicted in Figure 2.32.

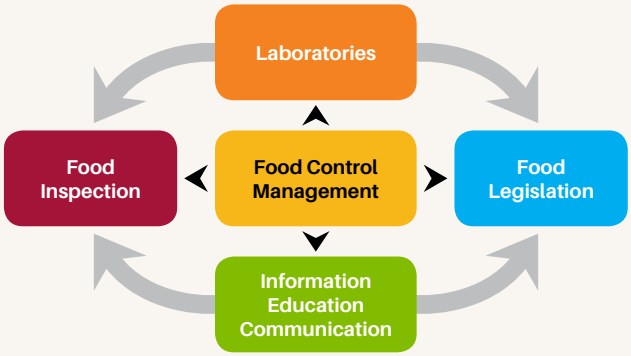


Figure 2.32: Official food control systems

2.5.2 The Development of Processes, Procedures, Polices and Systems to Execute Food Safety and Standards

The following three SOPs were drafted during the year under review:

- Sampling of fresh produce for residue analysis
- Fresh produce and grain inspection
- Unique coding of samples

The national sampling programme for fresh produce and grains was developed. It was synchronised with the production forecast and marketing, mostly the import data. Developing the national sampling plans involved scheduling, collecting and analysing samples for chemical residue taken from randomly selected domestic establishments, imports, and commerce facilities during the fiscal year. The data collected served as a baseline level for chemical residue exposure. The logistics regarding courier services and import permits, etc. were assessed in Namibia. Costing was done and recommendations shared with relevant stakeholders, such as grape industry.

2.5.2.1 Agronomic sector

The majority of domestic and imported grain samples is collected at receiving docks at grain processing sites (silos, mills and warehouses). There are 36 registered millers in Namibia. The rate of sampling in the agronomic sector for the 2015/2016 period was approximately 1 sample per 4,000 MT received/processed.

All domestic grain samples were collected according to AMTA sampling protocols and forwarded to AMTA-contracted reference laboratories for analysis *(see annexure for reference laboratories)*. The samples were analysed for mycotoxins, nutritional information, pesticide residue and GMO. Of the mycotoxin results received (9 maize samples), 2 were above the stipulated limits. The national average of the Aflatoxin B1 tested was 0.49 µg/kg (pbb), the total for Aflatoxins was 0.48 µg/kg, and the total for Zearalenone was 17 µg/kg.

Grain GMO testing

Seventeen (17) agronomic samples were tested and sent for GMO quantification in liaison with the National Commission on Research, Science and Technology (NCRST). Sampling was conducted as per GMO sampling protocol (SOP/NCRST/11/2014.1) and costs of analysis were covered by NCRST. When the analysed samples were compared to the Limit of Detection (LOD) of 0.01% or 20 copies, six (6) of the samples had GM presence, which was 35.3% of the consignment. Of the six positive samples, one (1) was rice grain and five (5) were maize grain. The rice grain GM content was found to be below the Limit of Quantification (LOQ) of 0.3%; therefore, it may have been due to adventitious presence, possibly from mixing with maize grain in storage. One of the samples (AMT0016) was found to consist entirely of GM, meaning the grain was constituted completely of GM maize. Wheat (*Triticum aestivum*) and sunflower (*Helianthus spp.*) were found to be GM free. Only maize (with the exception of the one (1) rice sample with adventitious presence) was found to be GM.

2.5.2.2 Horticultural sector

i) Grape sector

MRL sampling was done on table grapes in fields (blocks) in different producing areas, namely Aussenkehr, Noordoewer, Kosmberg and Naute. The aim of conducting MRL sampling for laboratory analysis was to ensure compliance with food safety requirements as well as to build a database for official samples of Namibia. The sampling was undertaken during Week 45 of 2015 and completed in Week 1 of 2016. Sampling was conducted both in the field (98%) and in pack-houses (at least 3 samples per PUC) in accordance with the sampling protocol outlined in Grape Sampling Protocol SOP/FSS/001 and SOP/FSS/002. The samples were analysed by AMTA-designated official reference laboratories such as Hearshaw & Kinnes (H&K) and Hortec in Cape Town, South Africa. The plan was to conduct 100% field (block) sampling (348 blocks averaging 10 Ha each); however, only 98% (340 blocks) sampling could be realised – partly due to logistical and late/early harvesting.

Standards **and Trade** (continued)

2.5.2.2 Horticultural sector (continued)

i) Grape sector

Figure 2.33 shows the actual number of blocks sampled against planned blocks for sampling for the 2015/2016 harvesting season.

Actual number of blocks sampled vs planned field sampling (MRLs) 2015-2016 season

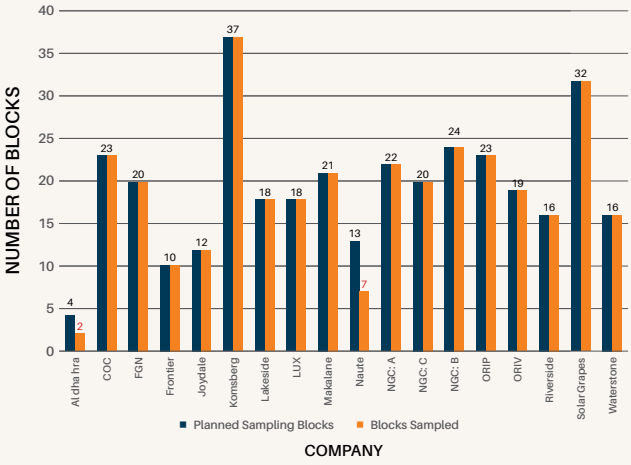


Figure 2.33: Actual Maximum Residue Level (MRL) block sampling vs planned sampling for the 2015/2016 harvesting season

On average, three (3) samples per pack-house were planned. However, only 46 samples against the planned 51 samples were realised, mainly due to shifts in packing routines that fell outside sampling plans and due to logistical challenges of sample integrity. On average, all results (46 samples) showed compliance with EU MRL on all detected chemical residues.

A total of 348 block (field) and 46 pack-house samples was drawn. The data collected indicates that among the active ingredients (agro-chemicals) found on Namibia's table grapes are *Boscalid, Ethepon, Fenhexamid, Fluopyram, Iprodione, Kresoxim-methyl, Metrafenone, Penconazole, Penconazole, Proquinazid, Pyrimethanil and Quinoxyfen.* Figure 2.34 summarises the agro-chemicals that were detected in block and pack-house sampling.

Actual number of blocks sampled vs planned field sampling (MRLs) 2015-2016 season

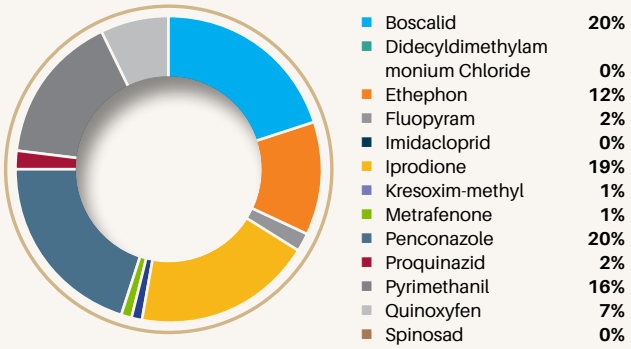


Figure 2.34: Percentage of detectable residues in all samples

The national mean of all the samples complied with the MRL status of both the EU and Codex limits, as shown in Figure 2.35.

Actual number of blocks sampled vs planned field sampling (MRLs) 2015-2016 season

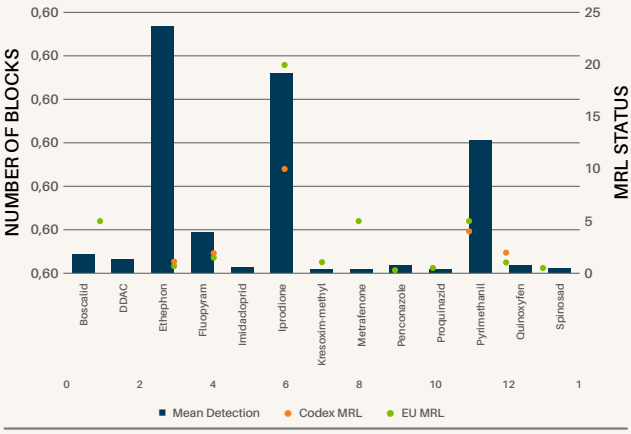


Figure 2.35: Mean detected residues vs EU and Codex MRL status during the 2015/2016 grape season in Namibia

**Kindly note that upon re-sampling most Ethephon levels were within allowable tolerance/limits (EU MRL)*

Although the mean concentrations of all the samples complied with the different MRL statuses, there were some samples that had residues higher than both the EU and Codex limits. A total of 21 samples contained *Ethephon* with concentrations higher than the EU limits and 12 samples contained concentrations higher than the Codex limit. However, after subsequent re-sampling the *Ethephon* levels were within tolerance limits of both EU and Codex levels as shown in Figure 2.36.

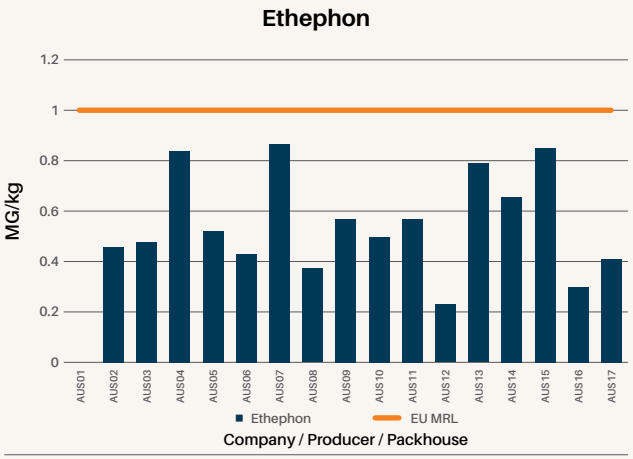


Figure 2.36: Compliance of producers with EU/Codex *Ethephon* requirements

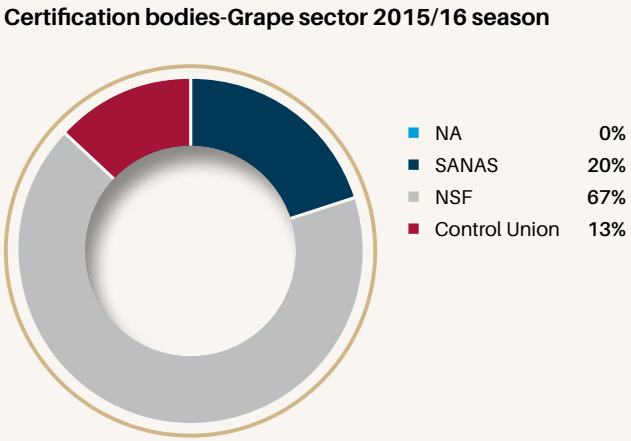


Figure 2.37: Certification bodies in the grape sector in the 2015/2016 season

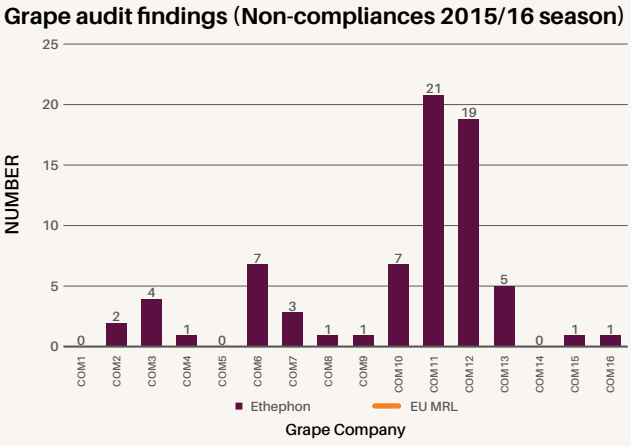


Figure 2.38: Number of non-compliances in the grape sector in the 2015/2016 season

Ethephon is an organophosphate plant growth regulator with low toxicity used on a variety of crops, including red table grapes for colour intensification. It is however regulated by the EU with an MRL of 1 ppm for table grapes.

ii) Logistics of transporting MRL samples to the laboratories

As per requirements of plant health, all plant materials leaving the country must be accompanied by a Phyto-certificate. AMTA official samples were issued with a total of 15 certificates amounting to a total cost of N$2,250 by the end of the season. The clearing agent Go Reefers Logistics was contracted to process customs documents at a total cost of N$3,600 (12 x N$300 per document). On average, the turn-around times of lab results were within the 36-hour limit, after reaching the laboratory within the prescribed 24 hours after sampling. Almost 95% of samples were sent to H&K in Cape Town, while only 5% were sent to Hortec in Cape Town.

iii) Risk assessment in the grape sector in the 2015/2016 season

The risk assessment was undertaken by document review and actual observation based on HACCP and GLOBALG.A.P V5 Audits done by AMTA and external auditors. Figure 2.37 shows the key external certification bodies that were responsible for audits in the grape sector and actual audit findings (non-compliances for the 2015/2016 season).

The key non-compliance issues were in the areas of personnel hygiene, worker health and safety, pesticide storage and handling, good agricultural practices and documentation, and environmental sampling.

iv) Date fruit sampling

Namibian dates are produced in the South at five farms, namely Desert Fruits Namibia, Octont Investment Company, NDC Naute, Al Dhahra and ORIP. The date harvesting period extends from February to May (4 months) every year. The use of pesticides in date production is not common, except when controlling spiders. Common chemicals used to control spiders on the leaves and in the soil include Abamectin and Mercaptothion. The chemical application period is normally from September to October, while the date palms' fruits are at an early stage.

Standards **and Trade** (continued)

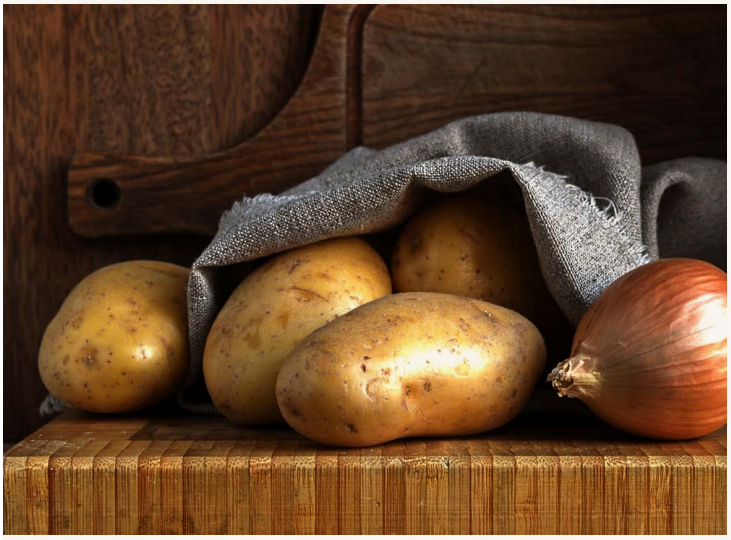
2.5.2.2 Horticultural sector (continued)

iv) Date fruit sampling

Sampling was done in March 2016. The dry and fresh date samples of different varieties, such as Medjool, Shahidi, and Khadrawi, were collected from pack-houses. All 11 samples were outsourced to UIS Organic Laboratory in South Africa and analysed in accordance with analytical method DF01/LCMS for multi-residues and chlorinated pesticides, namely the Quechers method. No single pesticide residue was detected. The conclusion drawn from the preliminary risk assessment and sampling was that results mostly indicate that chemical usage in date production is very limited.

v) Potato and onion sampling

Potatoes and onions were sampled on a national level during Quarter 3 of the 2015 season, both for imported and locally produced products. In Namibia, the key cultivars of potatoes are Sifra and Mondial, and the key cultivars of onions are Star 5516, Texas Grano and Rasta.



2.5.3 Laboratory Development Programme

Laboratory development is an essential component of an effective food control system. Being independent, laboratories allow food regulators, producers and consumers to examine food for chemical/microbiological hazards that are not visible/apparent in routine physical examination. Namibia does not currently have specialised accredited laboratories. Therefore, a one-stop super-lab is planned to be developed within the next 3 years. The intended AMTA-managed referral laboratory will seek accreditation in line with ISO 17025, which will create national capacity for laboratory tests and ensure international recognition of Namibia's official controls on agricultural inputs and products. Therefore, the laboratory will render complete and cost-effective quality assurance, product management and grading services, including the establishment and maintenance of efficient information systems, grading information programmes and problem solving networks for all sectors in Namibia.

Key achievements during the 2015/16 financial year:

a) AMTA established a reference laboratory services national database for various testing parameters, such as pesticide residues, chemicals, microbiological levels, quality, pests and diseases, GMOs, soil and water analysis. Laboratories were selected through a technical process on the basis of their proficiency, accreditation against international standards (ISO/IEC 17025:2005) and value for money. Laboratories selected were proficiency tested by SADCAS/SANAS to ensure the validity of analytical results. Laboratory contracts, which are subject to renewal on an annual basis, began on 1 January 2015 and ran to 30 January 2016 .

b) The technical competency of recruited staff was enhanced through training on internal auditing/ requirements ISO 17025 as well as SO 17025 requirements.

c) Rapid testing kits were procured and commissioned for the Ongwediva and Rundu mini-hubs for quality parameter testing.

d) Discussions were held on staff placement within the MAWF, Central Veterinary Lab (CVL) and internal laboratories (such as the PPECB laboratory) in order to capacitate staff members on the usage of the High Performance Liquid Chromatography (HPLC) instrument for myco-toxin/aflatoxin testing.

e) Internal processes and systems were developed. Policies, manuals and standard operating procedures (SOPs) on MRL sampling and risk assessment were also developed, as well as a draft of a Quality Management Systems (QMS) manual.

2.6 TOTAL QUALITY MANAGEMENT

Throughout the world, Quality Management Systems (QMS) have become a way and culture of running businesses and organisations. Such systems can be developed and implemented based on specific internationally recognised standards as determined by the entity's kind of business activities and needs. AMTA's founding strategy (2014-2019) set the goal of building a reputable brand through total compliance to food safety and quality management requirements in all its operations. Ever since, AMTA's Board of Directors and top management have demonstrated their commitment to the implementation and certification of systems as outlined below. The commitment was demonstrated through the approval and endorsement of the AMTA Total Quality Management (TQM) implementation strategy by the Board of Directors in July 2015. In addition, TQM was implemented by AMTA executive management in October 2015. Therefore, AMTA as an organisation is in the process of developing and implementing such a system in order to be able to more effectively manage, control and monitor its activities and resources for continual improvement. The TQM system model is depicted in Figure 2.39.

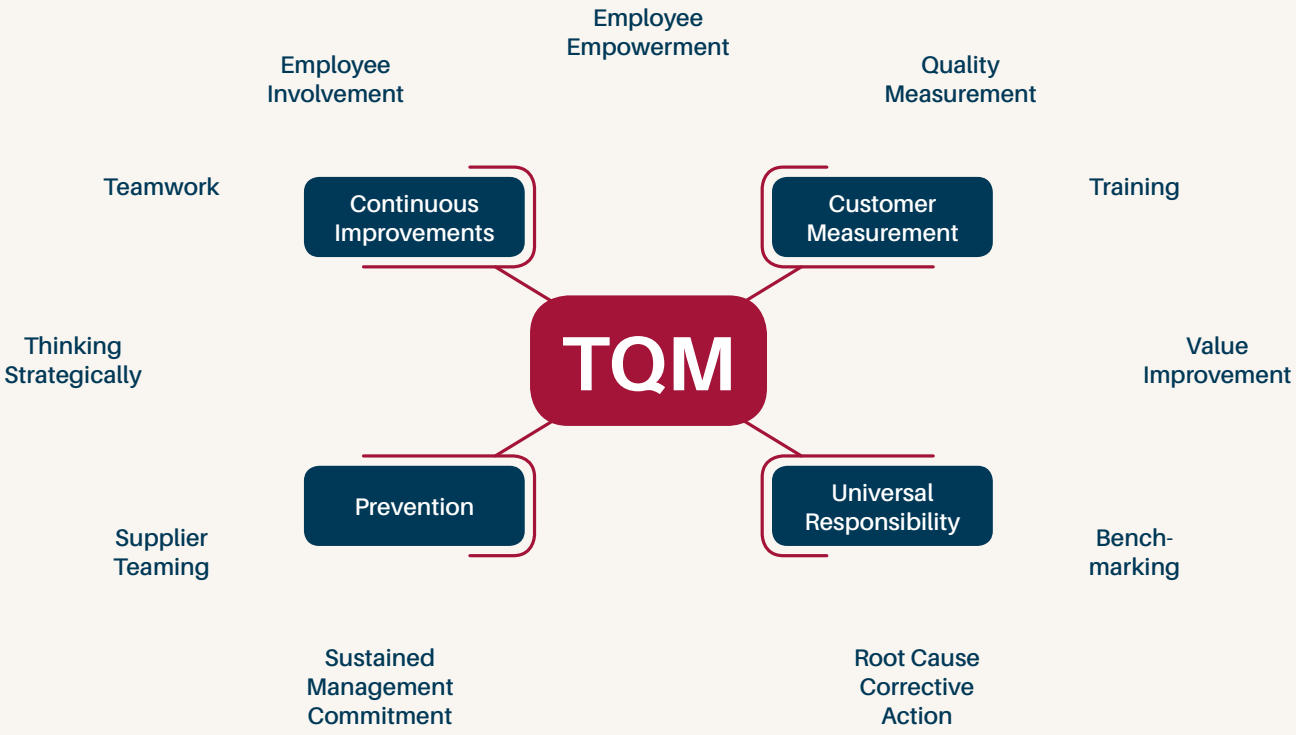


Figure 2.39: Total Quality Management System Model
(Source: http://www.slideshare.net/poonamchaudhary1/total-quality-management-in-healthcare-organisations)

Standards **and Trade** (continued)

2.6.1 Quality Management System (QMS) – ISO 9001: 2015

A quality management system is a set of interrelated or interacting elements that organisations use to direct and control how policies are implemented uniformly and to achieve quality objectives. ISO 9001 standards are designed to help organisations ensure that they meet the needs of customers and other stakeholders while meeting statutory and regulatory requirements related to a product. Over a million organisations worldwide are independently certified, making ISO 9001 one of the most widely-used management tools in the world today. A process-based QMS (ISO9001:2015) uses a process approach to manage and control how its quality policy is implemented and quality objectives are achieved. A process-based QMS is a network of many interrelated and interconnected processes (elements) as depicted in Figure 2.40.

The process-based approach includes establishing the organisation's processes to operate as an integrated and complete system. AMTA embarked on the journey of implementing this system as per the TQM (ISO 9001) implementation strategy approved by the Board in October 2015. Upon successful implementation, the QMS will integrate processes and measures to meet AMTA's quality and strategic objectives, while processes will define interrelated activities, inputs and checks needed to deliver intended outputs. In addition to internal checks and controls (Internal Audits) for the QMS, third-party assessments by a certification body will be required to provide independent confirmation that AMTA meets the ISO 9001 requirements and to certify the system by March 2019.

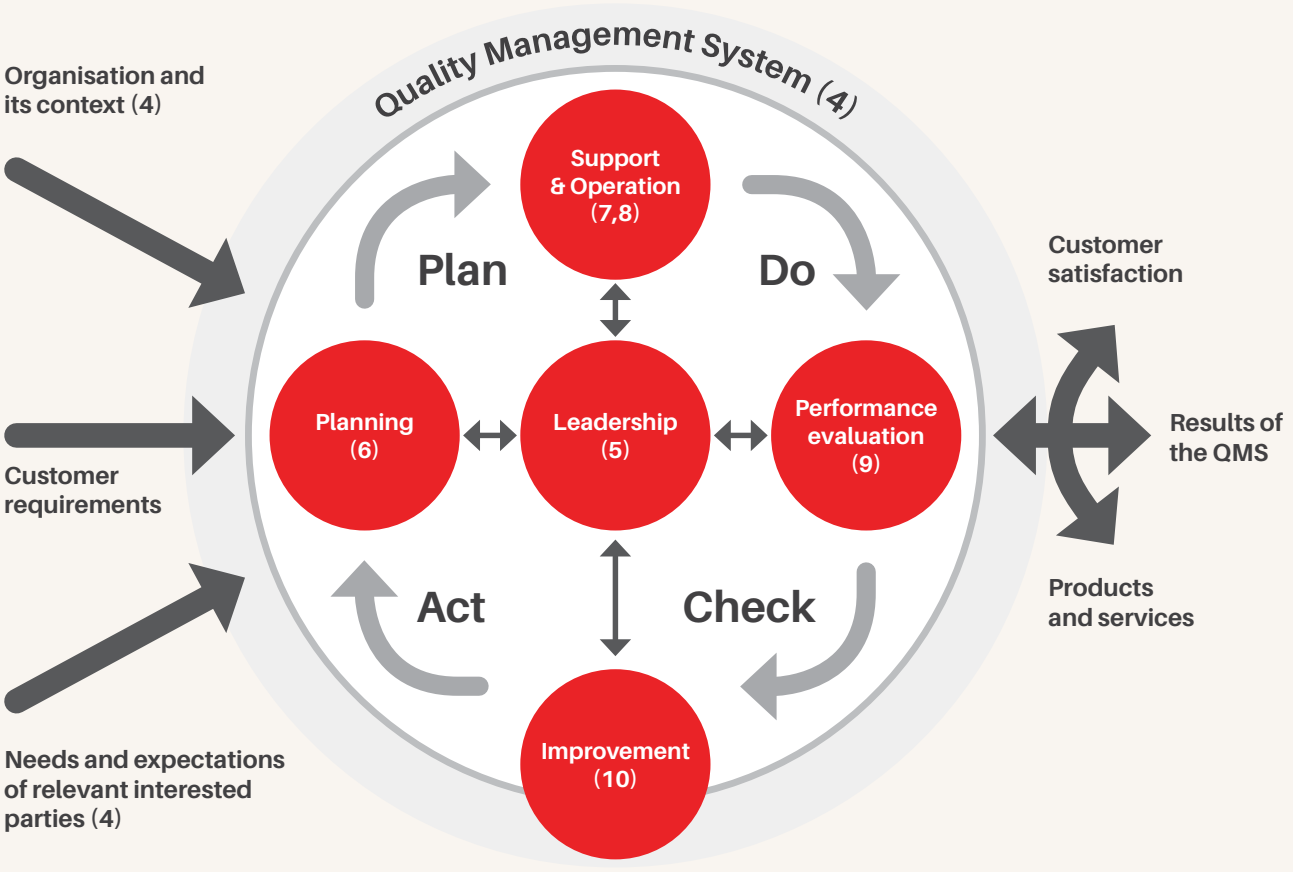


Figure 2.40: Process-based QMS (ISO9001: 2015) (Source: http://isoconsultantpune.com/process-approach/)

2.6.2 Documentation

AMTA's Quality Policy and Quality Manual have been documented in conformance to the requirements of the ISO 9001 standard.

2.6.3 Divisional or Sectional Processes and Reporting Records

To speed up the documentation process, face-to-face consultations and engagements with the heads of sub-divisions or sections were undertaken during January and February 2016, with a focus on departments that are failing to submit their documents. Divisions with existing documented information were assisted to transform such information into prescribed templates in conformance to ISO 9001 and AMTA Document Control Procedure requirements. The consultations covered 77% of the sections or sub-divisions, of which 85% were able to document and submit their respective drafts for QA review and formatting. Overall, 45% of the company documents were reviewed and formatted in conformance to the AMTA Document Control Procedure. Thus far, most of these have been approved and implemented.

2.6.4 Training and Capacity Building

The following technical training was offered and conducted by the Quality Management Unit:

- **ISO 9001: 2015 Transition – Bridging the Gap**
  This 2-day training was attended by the QA Manager and the FSS Manager at the SABS Training Academy in Pretoria, on 10 and 11 March 2016. The aim of the training was for the 2 staff members to gain an understanding and knowledge of the changes made in the new version of the ISO9001: 2015 standard.
- **Quality Standards and Requirements for Product Regulations**
  The 10-day training, held in Rundu from 22 February to 4 March 2016, was aimed at equipping AMTA staff with understanding and knowledge of quality standards and requirements for regulations of products such as potatoes, onions, sweet potatoes, carrots, cabbage, green pepper, beetroot and lettuce.
- **Post-harvest Losses Food Waste Reduction Techniques and Technologies**
  The 12-day training, held in Agadir, Morocco from 5 to 19 October 2015, was aimed at equipping participants with knowledge of agricultural and fisheries products, and processing, storage and distribution methods that prevent food losses and wastage. The AMTA QA Manager attended the training.

Standards **and Trade** (continued)

2.7 MARKET PROMOTION

As per AMTA's strategic objective, "Marketing & brand communication - To create a valuable brand consisting of high awareness, good reputation and differentiation by 2018", the purpose of the Market Promotion Sub-unit is to ensure that this objective is realised. During the period under review, local and international stakeholder engagement was undertaken country- and worldwide to share and disseminate information on and create awareness of AMTA operations on different platforms, such as NHTT, trade fairs, face-to-face meetings, and field visits, in the media (NBC radio and TV, Kosmos Radio, One Africa TV, various magazines, The Namibian, New Era, Republikein, Namibian Sun, Confidante, Kundana, Windhoek Observer), at UNAM, as well as through community engagement in Ongwediva and Rundu.

2.7.1 Development of Awareness Materials

Because of the high demand for information on AMTA, the agency had to produce and reproduce some of its materials. Creative work had to be applied to execute messages in the simplest, most easily understandable way possible. Awareness was created through advertisements, news features, launches, the AGM, interviews on television and radio and in newspapers, the AMTA website and Facebook page, and local and international expos and trade fairs.

The official brochure was revamped and amended to better capture the overall overview of AMTA. Copies were printed and distributed throughout the country and used at meetings etc. In the same period, the agency also published a brochure focusing on the production of Namibian rice, i.e. Kalimbeza rice.

2.7.2 Stakeholder Engagements

The Farms and Facilities Inspectorate Unit embraced AMTA's objective to engage stakeholders locally and internationally and to share information related to marketing standards of agronomic and horticultural produce in Namibia and beyond. During the period under review, local stakeholder engagement included Namibian table grape producers, grain processors, and horticultural traders and producers. In addition, there was engagement between AMTA and NSI at local level. International engagement was established with institutions that have carried out similar activities before AMTA, such as GLOBALG.A.P. International, localg.a.p South Africa, PPECB, National Sanitary Foundation (NSF) South Africa, and Prokon.

During the financial year under review, stakeholder meetings were held at various borders and towns:

- Nine (9) at Namibian borders, namely Noordoewer, Ariamsvlei, Oshikango, Walvis Bay, Trans-Kalahari, Muhembo, Katwitwi, Ngoma, and Wenela, during the implementation of the AMTA border control mandate
- Four (4) at various towns, including Ongwediva, Mariental, Aussenkehr and at towns in the Zambezi Region

The aim of the meetings was to engage stakeholders countrywide and to disseminate information regarding AMTA Border Control and Inland Inspections.

The NSFR engaged some stakeholders (producers, millers, OPM-DDRM and MAWF) at all levels throughout the year on the market and availability of grain, as well as the needs of storage facilities. The public was also engaged through expos, shows, various fora and several meetings.

03

National Fresh **Produce Business Hubs**

Mr. Alfeus Siyamba

SENIOR MANAGER OPERATIONS:
FRESH PRODUCE BUSINESS HUBS

"During the 2015/2016 financial year, the volume of fresh produce traded through the Ongwediva Fresh Produce Business Hub (OFPBH) has more than doubled in comparison to the previous year (see Figure 3.1). This is mainly attributed to the incentive introduced by AMTA which avails a revolving fund to ensure producers are paid upon delivery and not after sales."

National Fresh **Produce Business Hubs**

3.1 INTRODUCTION

For many years, Namibia has depended heavily on the import of fresh produce to meet local demand. In an effort to address these concerns, the government established the National Fresh Produce Business Hubs (FPBHs) in order to facilitate marketing and trade of fresh produce in Namibia, and to promote industrialisation and value addition of local fresh produce. The hubs were commissioned in 2013 through the establishment of the Agro-Marketing and Trade Agency (AMTA). Since their establishment, the hubs have created a paradigm shift for Namibian farmers and the local consumer, especially the two hubs in Rundu and Ongwediva supported by the Windhoek Collection Hub. Namibian farmers are now able to produce more as AMTA's marketing system continues to be established. The National Development Priorities of food security and self-reliance are unfolding gradually as we head towards vision 2030. The Windhoek Hub (to be the largest) is currently under construction and estimated to be completed within 5 years from now.

3.2 ONGWEDIVA FRESH PRODUCE BUSINESS HUB

3.2.1 Throughput Volumes

During the 2015/2016 financial year, the volume of fresh produce traded through the Ongwediva Fresh Produce Business Hub (OFPBH) has more than doubled in comparison to the previous year (see Figure 3.1). This is mainly attributed to the incentive introduced by AMTA which avails a revolving fund to ensure producers are paid upon delivery and not after sales. This garnered producers' confidence and increased deliveries to OFPBH. Consequently, the incentive contributed to the hub having enough stock during most periods of the year, making it a reliable source of produce for businesses and general consumers.

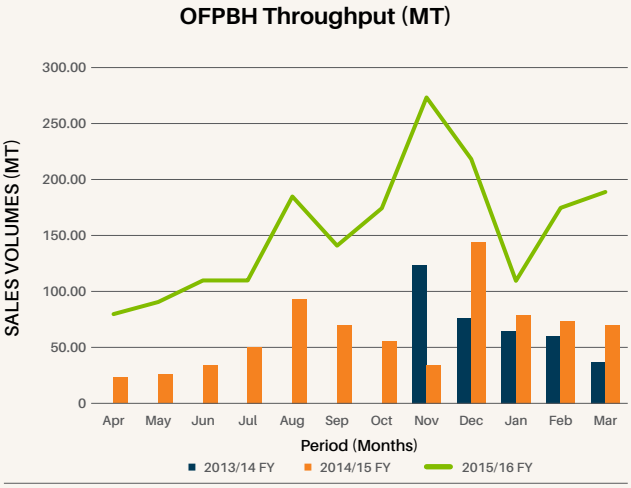


Figure 3.1: OFPBH annual throughput (MT) for 2013/2014 FY to 2015/2016 FY

Over the years, the trading of fresh produce has fluctuated every month. Looking at Figure 3.1, the 2015/2016 financial year followed this trend throughout. However, sales volumes during 2015/2016 outperformed all the previous years every single month.

3.2.2 Throughput Per Agent

The trend of individual agent performance has been erratic since November 2013 when trading activities commenced at the OFPBH. This is mainly due to inexperienced agents and the inconsistent supply of fresh produce by local farmers. Measures were introduced towards the end of 2014 to help agents to increase the volume traded. One such measure was the provision of the revolving fund, where AMTA pays for the produce as it is delivered by the farmer and the agent recovers the money by selling the stock.

	Sales Volumes (MT)													
Financial Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total (MT)	% Growth
2013/14 FY	—	—	—	—	—	—	—	125.00	76.00	66.00	61.00	38.00	366.00	—
2014/15 FY	24.15	26.41	34.42	49.82	93.12	72.12	55.96	35.01	144.64	79.64	74.47	72.28	762.04	**52%**
2015/16 FY	79.80	91.29	110.67	110.13	185.75	140.90	174.44	274.72	220.76	109.24	176.78	188.94	1 863.42	**59%**

Table 6: OFPBH annual throughput (MT) for 2013/2014 FY to 2015/2016 FY

This has created trust in the OFPBH among farmers, as they do not have to wait for their stock to be sold before getting paid. As a result, as of November 2014, the agents' performance has been consistent.

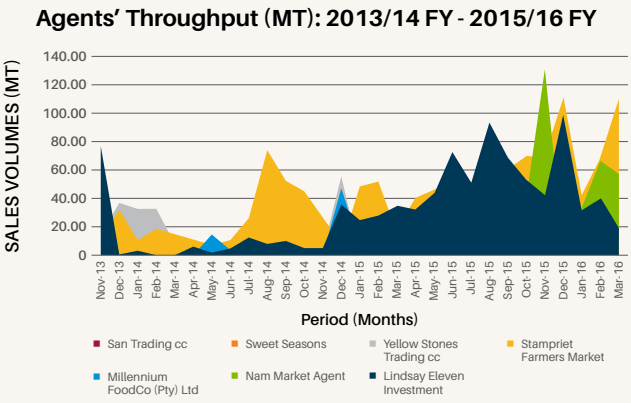


Figure 3.2: OFPBH agent throughput for 2013/2014 FY to 2015/2016 FY

As depicted in Figure 3.2, progress can be seen with all agents trading consistently larger volumes of fresh produce in the 2015/2016 financial year than in the preceding financial year.

3.2.3 Sales Revenue

The sales revenue of the OFPBH increased significantly in comparison to the preceding financial year. In 2014/2015, the OFPBH only managed to generate **N$6,453,942.24** in sales revenue. The sales revenue grew by more than 52% to **N$13,472,851.34** in the 2015/2016 financial year. This is an indication that the OFPBH is making strides towards meeting its target of moving at least 8,640 MT a year. The year under review saw about 1,863.4 2MT. The total capacity of the hub currently stands at 5,000 MT of the market space.

For most part of the 2015/2016 financial year, sales revenue was relatively low, with sales only exceeding N$1 million in August during the first seven (7) months. However, sales revenue exceeded N$1 million each month for the last five (5)

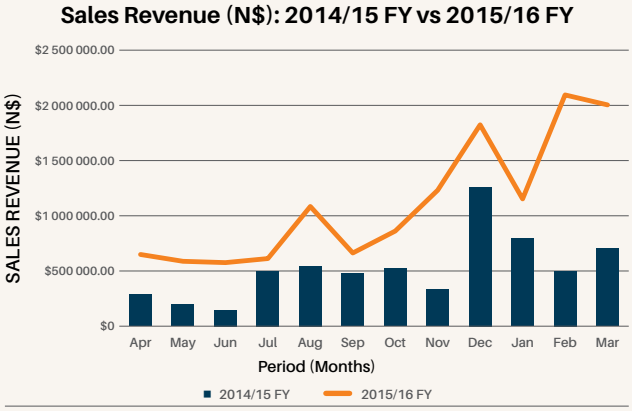


Figure 3.3: OFPBH sales revenue for 2014/2015 FY vs 2015/2016 FY

months and N$2 million a month for the last two (2) months. Apart from the peak months, the introduction of a new agent (Nam Market Agent) in October 2015 seems to have had an immediate impact on sales revenue. January 2016 saw a slight decrease due to a shortage of local produce after the hot summer/drought coupled with reduced demand associated with less expendable income after the festive season and imminent back-to-school responsibilities.

3.2.4 Significant Achievements

The OFPBH recorded more than 52% increase in sales revenue as compared to the previous year. This was made possible by the introduction of the revolving fund which saw AMTA take over the payment of farmers. As a result, farmers were no longer required to wait for their produce to be sold before they could receive their money. Payment is now done within seven days upon delivery of the produce to the hub. This has instilled a sense of trust from both ends.

The other major achievement was the inputs supply initiative and the signing of supply agreements with small scale producers in the Omusati Region. Albeit with challenges, mostly climatic, this initiative ensured that the OFPBH had a steady stream of produce throughout the year.

Sales Revenue (N$): 2014/15 FY vs 2015/16 FY

Financial Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Annual Revenue (N$)	% Growth
2014/15 FY	310 204.99	216 647.62	164 892.85	511 422.56	566 261.57	491 430.07	531 937.43	346 634.37	1 265 694.02	809 826.04	511 964.03	727 026.69	**6 453 942.24**	—
2015/16 FY	661 089.84	605 101.17	590 392.22	623 073.35	1 099 169.85	673 649.33	870 307.29	1 249 063.83	1 834 733.82	1 150 438.75	2 102 682.69	2 013 149.20	**13 472 851.34**	**52%**

Table 7: OFPBH sales revenue for 2014/2015 FY vs 2015/2016 FY

National Fresh **Produce Business Hubs**

3.3 RUNDU FRESH PRODUCE BUSINESS HUB

3.3.1 Throughput Volumes

In comparison to the 2015/2016 financial year, the volume traded at the Rundu Fresh Produce Business Hub (RFPBH) during the reporting period was relatively low, about 12.9% lower than the previous year (see Figure 3.4). This is mainly because for the better part of 2015, the RFPBH had only one active agent. However, four (4) additional agents were appointed in the third quarter. All new agents were given a four-month grace period to set up their offices. One of the new agents successfully set up its office and started trading from December 2015. In comparison to the previous year where the RFPBH had four active agents, the hub performed better during the period under review although there was only one active agent for most part of the year.

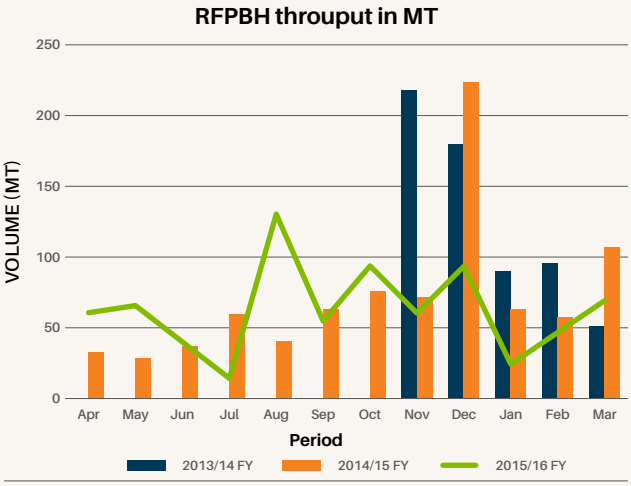


Figure 3.4: RFPBH annual throughput (MT) for 2013/2014 FY to 2015/2016 FY

Trade has been up and down over the past three years; however, looking at Figure 3.4, the 2015/2016 financial year was relatively consistent throughout. Only July 2015 and January 2016 recorded a low volume of produce traded, which was mostly because of the cropping seasons.

3.3.2 Throughput Per Agent

The trend of individual agent performance has been inconsistent since November 2013 when trading started at the RFPBH. However, the situation improved after one year from September 2014 onwards.

The problems included the inexperience of agents and the inconsistent supply of fresh produce by local farmers. Measures were introduced towards the end of 2014 to help agents to increase the volume traded. One such measure was the provision of the revolving fund, which saw AMTA pay for produce as it was delivered by the farmer and the agent recovering the money by selling the stock. This created trust of the RFPBH among farmers, as they no longer had to wait for their stock to be sold before getting paid.

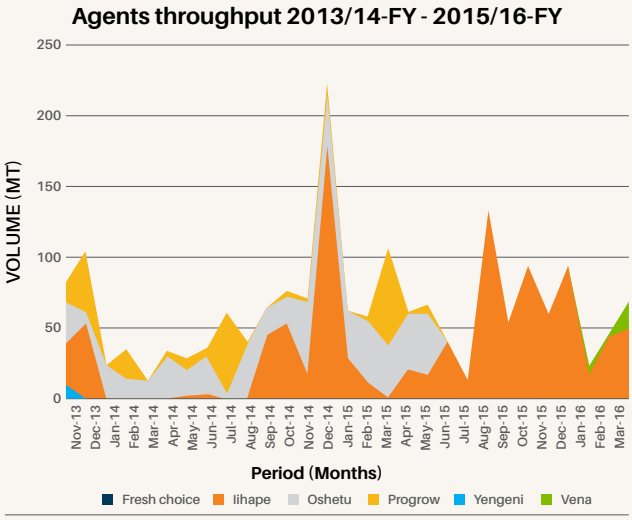


Figure 3.5: RFPBH agent throughput for 2013/2014 FY to 2015/2016 FY

Figure 3.5 clearly shows progress in terms the volume of throughput, even with only one agent (Iihape) from July 2015. More and more farmers were getting used to the new system of receiving payment within seven days after delivering their produce.

3.3.3 Sales Revenue

The sales revenue of the RFPBH increased significantly as compared to the previous financial year. In 2014/2015, the RFPBH only managed to generate **N$6,345,030.00** in sales revenue. For the 2015/2016 financial year, sales revenue grew with over 40% to more than **N$10,218,030.00**. This is a testimony that more and more farmers gained confidence in the system.

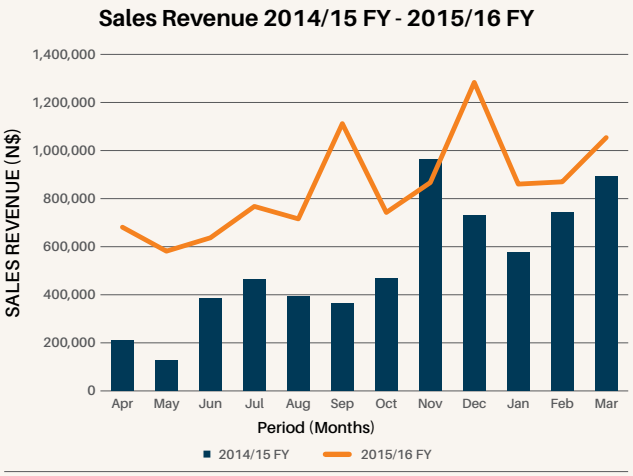


Figure 3.6: RFPBH sales revenue for 2014/2015 FY to 2015/2016 FY

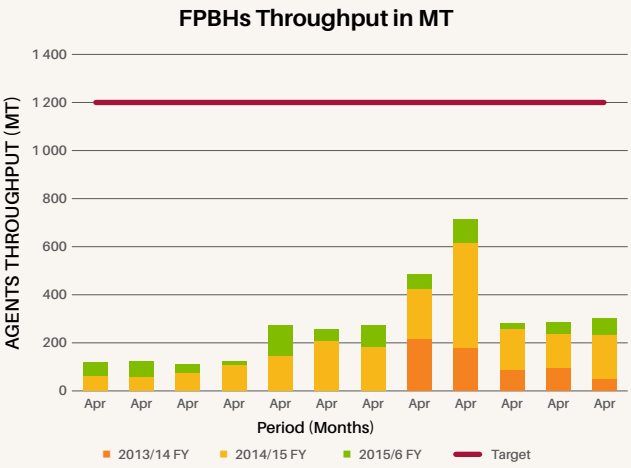


Figure 3.7: Annual throughput trend for FPBHs from 2013/2014 FY to 2015/2016 FY

During the 2014/2015 financial year, the RFPBH's sales revenue was relatively low and no single month recorded sales worth over N$1 million. However, during the current reporting period, the RFPBH was able to break N$1 million sales per month on more than three occasions. September to December were the peak months, mainly due to the fact that this is the time when most of the summer crops are ready for the market. January saw a slight decrease in revenue, with the main contributing factor being the school holidays. Even though schools were already closed from December, sales continued to increase because of the festive season which ultimately increased the demand for fresh produce.

3.3.4 Comparative Analysis

Table 8 depicts the trend of fresh produce transacted (throughput) at the RFPBH since November 2013. Progress was recorded, albeit at a slow pace, except for the months of September to December 2014 where significant progress was recorded. This is because during this period, the demand for fresh produce was significantly higher, especially in the North Central region.

3.3.5 Significant Achievements

During the reporting period, the RFPBH recorded a more than 40% increase in sales revenue as compared to the previous year. This was made possible by the introduction of the revolving fund through which AMTA took over the payment of farmers. As a result, farmers were no longer required to wait for their produce to be sold before receiving their money. Payment is now made within seven days upon delivery of the produce to the hub. This has instilled trust from both ends.

The other major achievement is a historic supply of inputs and the signing of supply agreements with small-holder farmers in the Zambezi Region. Farmers in the Zambezi Region no longer have to worry about finding markets for their fresh produce as AMTA brought the market to their doorsteps. The RFPBH, together with Namibian Red Cross Society, trained about 90 small-holder farmers in Zambezi and 27 in the Kavango West Region. The training mainly focused on Good Agricultural Practices (GAP) and entrepreneurship, and aimed at equipping farmers with entrepreneurial skills to enable them to treat the operations as entrepreneurial businesses while maintaining the basic standards of GAP.

	Agents Throughput in MT												
Financial Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
2013/14 FY	—	—	—	—	—	—	—	218	180	90	96	51	635
2014/15 FY	33	29	36	60	40	64	76	72	225	63	58	107	863
2015/16 FY	61	66	40	13	132	54	93	60	94	23	46	69	751
Target	1 200	1 200	1 200	1 200	1 200	1 200	1 200	1 200	1 200	1 200	1 200	1 200	14,400

Table 8: Annual throughput trend for the RFPBH 2013/2014 FY to 2015/2016 FY

National Fresh **Produce Business Hubs** (continued)

3.4 OVERALL PERFOMANCE OF THE FRESH PRODUCE BUSINESS HUBS

AMTA is mandated to collect 3.6% of the produce sales traded through the hubs by the marketing agents. The collected commission of AMTA from the sales revenue for 2015/2016 is depicted in Table 9.

Hubs	Volume (MT)	Revenue (N$)	AMTA Commission (N$)
OFPBH	2,175.66	13,472,851.34	485,022.65
RFPBH	751	10,218,030.00	358,946.00
Total	**2,926.66**	**23,690,881.34**	**843,968.65**

Table 9: Annual throughput, revenue and commission paid to AMTA: Ongwediva vs Rundu

During the financial year under review, a total of **2,926.66 MT** for both hubs worth **N$23,690,881.34** was recorded. AMTA earned a total of **N$843,968.65** in commission at **3.6%** for produce sold. The hubs saw an increase in throughput and sales revenue of up to **52%** for Ongwediva and **40%** for Rundu. Ongwediva recorded a significant increase in sales revenue in comparison to the preceding financial year. In 2014/2015, the OFPBH only managed to generate **N$6,453,942.24** in sales revenue. In comparison, the sales revenue grew by more than **52%** to **N$13,472,851.34** in the 2015/2016 financial year. This is an indication that the OFPBH is making strides towards meeting its targets. Similarly, Rundu recorded significantly increased sales revenue as compared to the previous financial year. In 2014/2015, the RFPBH only managed to generate **N$6,345,030.00** in sales revenue. This amount grew by over **40%**, generating more than **N$10,218,030.00** in the 2015/2016 financial year.

"Farmers in the Zambezi Region no longer have to worry about finding markets for their fresh produce as AMTA brought the market to their doorsteps."

This is a testimony that more and more farmers are gaining confidence in AMTA's system. The increased confidence can be attributed to the fact that the hubs are gaining prominence as more buyers are slowly but surely coming on board. It is also notable that larger amounts of the sold produce handled at the hubs are local produce. This is due to Market Share Promotion arrangements that direct buyers to local producers before importing, the cropping programme intervention, and AMTA's short period payment arrangement. Nonetheless, there is a concurrent failure to reach targeted tonnage due to agents' inexperience and difficulty penetrating the market. This warrants increased stakeholder engagement.

Some significant initiatives to help improve hub throughput include value addition, packaging, and processing. These measures will help to make produce more consumable in different forms and appeals. In addition, the hubs should create more distribution centres in strategic towns to ensure produce is accessible in different sectors of the market. AMTA should also establish strategic partnerships with strategic buyers in order to access an established market for local produce.

04

Human Resources Division

Mr. Seth /Awa-Eiseb

SENIOR MANAGER:
HUMAN RESOURCES

"The Human Resources (HR) Division is responsible for managing AMTA's overall human resources function. In order to contribute to the achievement of the organisation's vision, mission, and strategic objectives, the division aligns all its strategies with strategic business issues at all levels of the organisation. Therefore, it ensures constructive contribution to the organisation's effectiveness and adds value to its goals. "

Human **Resources Division**

4.1 INTRODUCTION

The Human Resources (HR) Division is responsible for managing AMTA's overall human resources function. In order to contribute to the achievement of the organisation's vision, mission, and strategic objectives, the division aligns all its strategies with strategic business issues at all levels of the organisation. Therefore, it ensures constructive contribution to the organisation's effectiveness and adds value to its goals.

4.2 RECRUITMENT AND SELECTION

AMTA appointed forty-three (43) new staff members during the reporting period, bringing the total staff complement to 134, in comparison to sixty (60) and ninety-one (91) staff appointed in 2013/2014 and 2014/2015, respectively.

Year	Female	Male	Total
2013/2014	28	27	55
2014/2015	31	45	76
2015/2016	16	27	43
TOTAL	**76**	**99**	**174**

Table 10: Staff members appointed to AMTA from 2013/2014 to 2015/2016

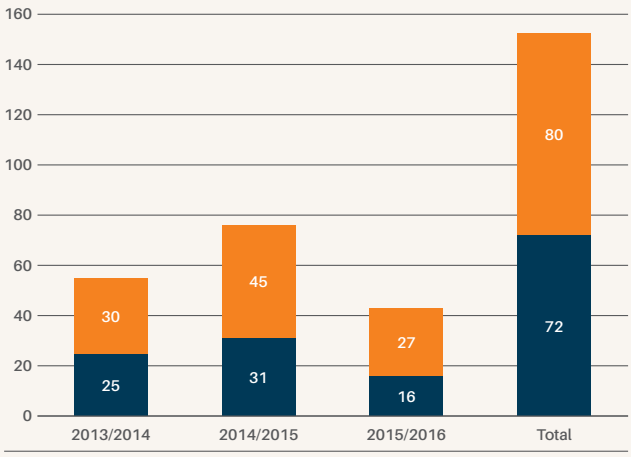


Figure 4.2: Recruitments from 2013/2014 to 2015/2016

4.3 REGISTRATION WITH STATUTORY BODIES

All newly appointed employees were registered with the Social Security Commission.

In terms of the Income Tax Amendment Act, 2011 (Act No. 3 of 2011), only employees earning above N$50,000.00 per annum should be registered as taxpayers. Hence only thirty-one (31) staff members of the forty-three (43) employees were registered as taxpayers with the Ministry of Finance.

All newly appointed AMTA employees were also registered with Alexander Forbes, the administrator of AMTA's Group Pension Fund.

4.4 ESTABLISHMENT OF JOB GRADING AND REMUNERATION STRUCTURE

During the reporting period, AMTA developed the salary grading and remuneration structure for fifty-six (56) positions at the company.

4.5 REGISTRATION FOR EMPLOYEE COMPENSATION

Only nineteen (19) staff members earning less than N$83,100.00 per annum are covered under the Employee Compensation Fund in terms of the Employees Compensation Act (Act No. 30 of 1941) as amended.

4.6 PERFORMANCE MANAGEMENT SYSTEM

AMTA completed and implemented the performance management system (PMS) in the 2015/2016 financial year.

4.7 AFFIRMATIVE ACTION

AMTA submitted the affirmative action report and plan on time, and was consequently awarded a compliance certificate by the Employment Equity Commission in terms of the Affirmative Action Act (Act No. 29 of 1998).

The MD, Mr Lungameni Lucas, visiting the Rundu office

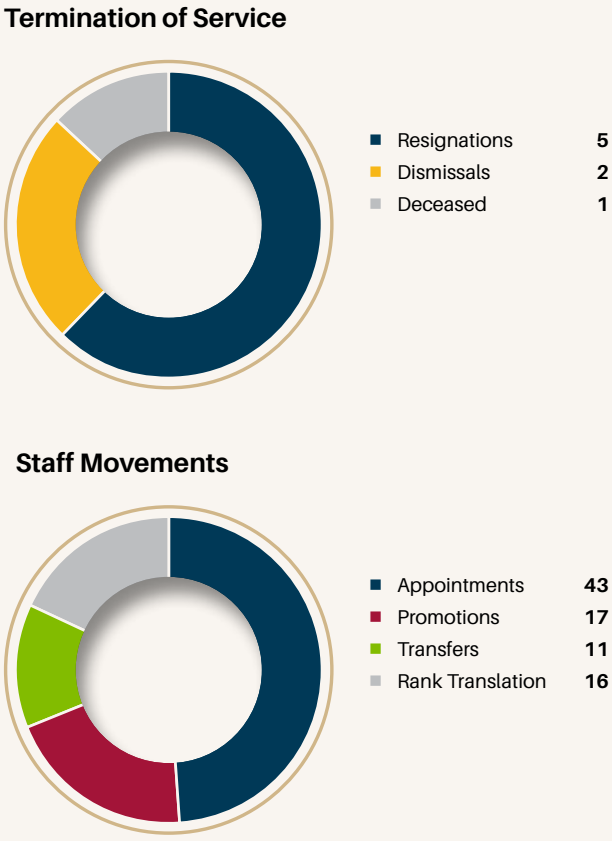


Figure 4.1: Termination of service and staff movements during the 2015/2016 financial year

Human **Resources Division** (continued)

4.7 CAPACITY BUILDING

During the period under review, AMTA's employees attended a number of training/capacity building interventions as outlined in Table 11.

Table 11: Training attended by AMTA staff during the 2015/2016 financial year

No of Employees	Capacity Building	Duration
13	AMTA managers were upskilled in management techniques and skills	30 November - 1 December 2015
12	Training on table grapes and table grape marketing	November - December 2015
2	Basic employment conditions	30 June 2015
10	Pearl millet, maize and wheat grading	18 - 29 March 2016
3	Quality standards and requirements for product regulations	22 February - 4 March 2016
1	ISO/IEC 17025 requirements and internal auditing	2 - 6 March 2016
6	Bank manager and receipt	15 March 2016
7	The ComSellSeries	24 - 28 August 2015
2	Sage Intelligence Basic and Intermediate	15 March 2016
5	Health and safety training courses	1 - 4 June 2015
3	Occupational health and safety training	3 - 7 August 2015
1	Horticultural products inspection	22 - 4 February 2015
1	NSI workshop: Development of an E-marking scheme for Namibia/metrology legislation	9 February 2016
2	Grain grading training	14 - 23 March 2016
4	ISO / IEC 17025 requirements and internal auditing	2 - 6 March 215
7	Table grape quality inspection	26 October - 6 November 2015
7	Banana ripening and post-harvest physiology workshop	31 August - 4 September 2015
3	AMID system training: How to issue grain import, export, and in-transit permits, and capture grain import, export and local purchases data for statistics	November 2015

No of Employees	Capacity Building	Duration
25	AMID system training: How to issue electronic permit receipts for importation, exportation, and in-transit of agronomic and horticultural produce	February 2016
20	Standards and Trade's technical team was trained and mentored in: • conducting conformity inspections according to specific marketing standards for horticultural products • grading of grains such as white maize, wheat and pearl millet (mahangu) • facilitating agricultural marketing and trade • the roles of marketing agents in fresh produce and post-harvesting management Training complemented training conducted in 2014/2015 on basic Good Agricultural Practices and the Introduction to HACCP standards, thereby enhancing the understanding of food safety	February 2016 October 2016
18	Training initiatives to equip NSFR staff with knowledge and skills to effectively execute AMTA's mandate: • Global Good Agricultural Practices (GAP) • Basic fumigation • Grain (maize, pearl millet (mahangu) and wheat grading • Health and safety and First Aid	March 2016

05

Finance

Mr. Reagan Kooper

SENIOR MANAGER:
FINANCE AND ADMINISTRATION

General **Information**

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Facilitating marketing and trading of agricultural produce, promoting food security in Namibia
Directors	L Lucas A Nehemia DR Tshikesho S Kasheeta M Mulunga JA Kamwi TE Alweendo B van Wyk F Nakanyala J Ihemba G Diergaardt
Business address	Erf 209, Industria Street Lafrenz, Industrial Area
Postal address	P.O. Box 350 Windhoek Namibia
Bankers	Standard Bank Namibia Limited
Auditors	BOO Registered Accountants and Auditors Chartered Accountants (Namibia)
Company registration number	21/2013/0853

Directors' **Responsibilities and Approval**

The directors are required in terms of the Companies Act of Namibia to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the association as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the association and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the association and all employees are required to maintain the highest ethical standards in ensuring the association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the association is on identifying, assessing, managing and monitoring all known forms of risk across the association. While operating risk cannot be fully eliminated, the association endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the association's cash flow forecast for the year to 31 March 2017 and, in the light of this review and the current financial position, they are satisfied that the association has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the association's annual financial statements. The annual financial statements have been examined by the association's external auditors and their report is presented on page 70.

The annual financial statements set out on pages 71 to 94, which have been prepared on the going concern basis, were approved by the board on 10 February 2017 and were signed on its behalf by:

L Lucas
Managing Director

A Nehemia
Chairperson of the Board

Windhoek
10 February 2017

Independent **Auditors' Report**

To the members of Agro Marketing and Trade Agency (AMTA) Incorporated Association Not for gain

We have audited the annual financial statements of Agro Marketing and Trade Agency (AMTA) Incorporated Association Not for gain, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 71 to 92.

Directors' Responsibility for the Annual Financial Statements

The association's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and requirements of the Companies Act of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opm10n on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

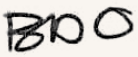
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Agro Marketing and Trade Agency (AMTA) Incorporated Association Not for gain as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of Namibia.

Supplementary Information

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on pages 93 to 94 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.



BOO
Registered Accountants and Auditors Chartered Accountants (Namibia)

Per: JSW de Vos Partner

Windhoek
13 February 2017

Directors' **Report**

The directors submit their report for the year ended 31 March 2016.

1. Review of activities

Main business and operations

The association is engaged in facilitating marketing and trading of agricultural produce, promoting food security in namibia and operates principally in Namibia.

During the previous financial year the association was appointed by the Government of Namibia to act as an agent of Namibia Agronomic Board for collecting levies on certain controlled products in terms of general notice no. 147 of 01 August 2014.

The operating results and state of affairs of the association are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net deficit of the association was N$ 62,741,632 (2015: N$ 3,177,924). The deficit for the year is mainly attributed to the following:

- Insufficient funding of the AMTA CAPEX budget,
- Increase in the operational cost,
- Inflation based salary adjustment,
- Appointment of border staff,
- Promotion of staff and,
- Permanent transfer of staff from the Namibia Agronomic Board (NAB).

This contributed to the increase in employee cost, which in turn is due to increase in head count to 168 in the current period. (31 March 2015: 135)

An amount of NS 61 983 490 million of levies collected for the year under review was waived to AMTA subsequent to year end which will significantly reduce the deficit. (Refer to Note 3)

2. Going concern

We draw attention to the fact that at 31 March 2016, the association had accumulated losses of N$60,269,839. The main reason for the deficit was that the actual expenditure exceeded operational budget.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

We however draw your attention to the fact that the ability of the agency, to continue as a going concern depends on funding from the Government of the Republic of Namibia and other sources to fund actual budget. Government is committed to supporting the core functions of the AMTA.

The directive by MAWF (refer to note 3) regarding distribution of NAB Levy will also contribute to AMTA cash flows going forward.

Directors' **Report** (continued)

3. Events after the reporting period

NAB Levy

The Ministry of Agriculture, Water and Forestry gave a directive that AMTA should retain 28.5% of NAB Levy monies at end of every financial year. AMTA will also be entitled to part of the balance of the Levy monies for budget support subject to eligible activities by AMTA and specific approval by the Minister. An amount of N$ 61,983,490 of the Levy payable to NAB was waived to AMTA subsequent to year end.

Purchase of Head office buildings

The company purchased the property erf 209, Industria Street on an installment sales agreement. The purchase price was N$ 39,950,000 excluding VAT and excluding duties and transfer costs. The property was previously rented from ERF Two Zero Nine CC. 50% of the purchase price is payable within 3 years and the balance over another 2 years.

4. Directors

The directors of the association during the year and to the date of this report are as follows:

Name	Nationality
L Lucas	Namibian
A Nehemia	Namibian
DR Tshikesho	Namibian
S Kasheeta	Namibian
M Mulunga	Namibian
JA Kamwi	Namibian
TE Alweendo	Namibian
B van Wyk	Namibian
F Nakanyala	Namibian
J Ihemba	Namibian
G Diergaardt	Namibian

5. Auditors

BDO will continue in office in accordance with section 278(2) of the Companies Act of Namibia.

Statement of **Financial Position**

for the year ended 31 March 2016

Figures in Namibia Dollar	Note(s)	2016	2015
Assets			
Non-Current Assets			
Property, plant and equipment	3	24,594,838	6,147,206
Current Assets			
Inventories	4	19,954,334	43,886,756
Trade and other receivables	5	37,164,899	13,062,266
Cash and cash equivalents	6	136,036,952	119,102,855
		193,156,185	**176,051,877**
Total Assets		**217,751,023**	**182,199,083**
Equity and Liabilities			
Equity			
Accumulated (loss)/profit		(60,269,839)	2,471,793
Liabilities			
Current Liabilities			
Trade and other payables	7	139,577,710	38,583,713
Deferred income	8	138,443,152	141,143,577
		278,020,862	**179,727,290**
Total Equity and Liabilities		**217,751,023**	**182,199,083**

Statement of **Surplus or Deficit and Other Comprehensive Income**

for the year ended 31 March 2016

Figures in Namibia Dollar	Note(s)	2016	2015
Income	9	106,342,501	53,496,281
Cost of sales	10	(71,071,475)	(5,295,357)
Gross Surplus		**35,271,026**	**48,200,924**
Other income		26,261	1,013
Operating expenses		(98,698,931)	(53,671,503)
Deficit before investment income and finance costs	12	**(63,401,644)**	**(5,469,566)**
Investment income	14	679,816	2,390,763
Finance costs	15	(19,804)	(99,121)
Deficit for the year		**(62,741,632)**	**(3,177,924)**
Other comprehensive income			
Total Deficit for the year		**(62,741,632)**	**(3,177,924)**

Statement of **Changes in Equity**

for the year ended 31 March 2016

Figures in Namibia Dollar	Accumulated loss	Total equity
Balance at 01 April 2014	**5,649,717**	**5,649,717**
Changes in equity		
Total comprehensive def icit for the year	(3,177,924)	(3,177,924)
Total changes	(3,177,924)	(3,177,924)
Balance at 01 April 2015	**2,471,793**	**2,471,793**
Changes in equity		
Total comprehensive deficit for the year	(62,741,632)	(62,741,632)
Total changes	(62,741,632)	(62,741,632)
Balance at 31 March 2016	**(60,269,839)**	**(60,269,839)**

Statement of **Cash Flows**

for the year ended 31 March 2016

Figures in Namibia Dollar	Note(s)	2016	2015
Cash flows from operating activities			
Cash generated from / (used in) operations	17	11,066,634	(30,075,752)
Interest income		679,816	2,390,763
Finance costs		(19,804)	(99,121)
Net cash from operating activities		**11,726,646**	**(27,784,110)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(22,976,041)	(4,866,321)
Sale of property, plant and equipment	3	183,492	—
Net cash from investing activities		**(22,792,549)**	**(4,866,321)**
Cash flows from financing activities			
Proceeds from government grant		28,000,000	59,797,067
Net cash from financing activities		**28,000,000**	**59,797,067**
Total cash movement for the year		**16,934,097**	**27,146,636**
Cash at the beginning of the year		119,102,855	91,956,219
Total cash at end of the year	**6**	**136,036,952**	**1191102,855**

Accounting **Policies**

for the year ended 31 March 2016

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of Namibia. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Deferred grant income

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate resulting in the recognition of deferred grant income at the end of the financial period.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Leasehold improvements	5 years
Furniture and fixtures	5 years
Motor vehicles	5 years
Office equipment	5 years
IT equipment	3 years

The useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Accounting **Policies** (continued)

for the year ended 31 March 2016

1.2 Property, plant and equipment (continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the association becomes a party to the contractual provisions of the instruments.

The association classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Accounting **Policies** (continued)

for the year ended 31 March 2016

1.3 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability/asset is not discounted.

Any contingent rents are expensed in the period they are incurred.

1. 5 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When i nventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of Inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.6 Impairment of assets

The association assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the association estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Accounting **Policies** (continued)

for the year ended 31 March 2016

1.6 Impairment of assets (continued)

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.8 Employee benefits

Defined contribution plans

The association provides for retirement benefits of its staff by way of a pension fund. The contribution by the members and the association to this fund are in accordance with fixed scales determined in consultation with actuaries. The contribution of the agency are dealt with as a charge against income in the year of payments.

1.9 Provisions and contingencies

Provisions are recognised when:

- the association has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Contingent assets and contingent liabilities are not recognised.

Accounting **Policies** (continued)

for the year ended 31 March 2016

1.10 Government grants

Government grants are recognised when there is reasonable assurance that:

- the association will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the profit or loss.

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

1.11 Income

Income from the sale of goods is recognised when all the following conditions have been satisfied:

- the association has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the association retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the association; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.12 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Annual Financial Statements

for the year ended 31 March 2016

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which may be applicable to the company were in issue but not yet effective:

Standards/interpretations	Details
IFRS 5 Non-current assets Held for resale and discontinued operations	• Annual Improvements 2012-2014 Cycle: Amendments for Discontinued Operations clarifying that a change in the manner of disposal of a non-current asset or disposal group held for sale is considered to be a continuation of the original plan of disposal, and accordingly, the date of classification as held for sale does not change - effective for annual periods beginning on or after 1 January 2016.
IFRS 7 Financial Instruments: Disclosures	• Annual Improvements 2012-2014 Cycle: Amendment clarifying under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts - effective for annual periods beginning on or after 1 January 2016.
IFRS 9 Financial Instruments	• A finalised version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition - effective for annual periods beginning on or after 1 January 2018.
lAS 1 Presentation of Financial Statements	• Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order information is presented in the financial disclosures - effective date of application is 1 January 2016.
lAS 16 Property, Plant and Equipment	• Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumpt ion of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets - effective date of application is 1 January 2016.

The directors anticipate that the adoption of these Standards and Interpretations in the future periods will have no material impact on the financial statements of the Company.

Notes to the **Annual Financial Statements** (continued)

for the year ended 31 March 2016

3. Property, plant and equipment

	2016			2015		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Leasehold improvements	4,192,465	(426,433)	3,766,032	—	—	—
Furniture and fixtures	1,059,398	(204,713)	854,685	287,965	(43,051)	244,914
Motor vehicles	19,235,215	(2,937,606)	16,297,609	4,701,604	(697,454)	4,004,150
Office equipment	1,117,814	(310,662)	807,152	727,832	(114,914)	612,918
IT equipment	3,429,551	(1,278,610)	2,150,941	1,507,469	(404,168)	1,103,301
Other assets	884,348	(165,929)	718,419	217,403	(45,480)	181,923
Total	**29,918,791**	**(5,323,953)**	**24,594,838**	**7,452,273**	**(1,305,067)**	**6,147,206**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold improvements	—	4,192,465	—	(426,433)	3,766,032
Furniture and fixtures	244,914	771,433	—	(161,662)	854,685
Motor vehicles	4,004,150	15,043,133	(356,330)	(2,393,344)	16,297,609
Office equipment	612,918	389,982	—	(195,748)	807,152
IT equipment	1,103,301	1,922,082	—	(874,442)	2,150,941
Other assets	181,923	656,946	—	(120,450)	718,419
	6,147,206	**22,976,041**	**(356,330)**	**(4, 172,079)**	**24,594,838**

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Additions from NAB*	Depreciation	Total
Furniture and fixtures	79,738	156,720	46,981	(38,525)	244,914
Motor vehicles	1,658,881	2,068,010	935,277	(658,018)	4,004,150
Office equipment	136,584	582,682	2,529	(108,877)	612,918
IT equipment	616,155	794,906	51,814	(359,574)	1,103,301
Computer software	—	6,290	221,112	(45,479)	181,923
	2,491,358	**3,608,608**	**1,257,713**	**(1,21 0,473)**	**6,147,206**

*During 2015 the Namibia Agronomic Board transferred property, plant and equipment to the value of N$1,257,713 to AMTA.

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2016

Figures in Namibia Dollar	2016	2015
4. Inventories		
Mahangu	4,786,220	5,997,301
Maize	13,857,209	37,446,365
Fresh produce	1,310,905	443,090
	19,954,334	**43,886,756**
5. Trade and other receivables		
Trade receivables	37,165,748	1,768,379
Prepayments	231,282	212,101
Value Added Tax	—	25,139
Other receivables	(232, 131)	316,688
Namibia Agronomic Board levy*	—	10,739,959
	37,164,899	**13,062,266**

*During the previous financial year the association was appointed by the government to act as an agent of Namibia Agronomic Board for collecting levies on certain controlled products in terms of general notice no. 147 of 01 August 2014. The balance consist of outstanding levies from traders. Included in trade receivables in the current period is an amount of N$28,942,503 in respect of outstanding levies from traders.

6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	6,344	13,139
Bank balances*	132,673,129	86,369,626
Short-term deposits	(41,572)	—
Call deposits	3,399,051	32,720,090
	136,036,952	**119,102,855**

Pledge:

N$30,000 of the call deposit account is pledged as security to facilitate the processing of the managing director's coporate credit card application (maximum pledge of N$ 1 0,000) and the fleet management facility (Maximum pledge of N$20,000). Next review date 02 August 2017.

*N$17,576,168 (2015: N$20,205,799) of bank balances consist of government projects fund held in trust for government specific projects.

Notes to the **Annual Financial Statements** (continued)

for the year ended 31 March 2016

Figures in Namibia Dollar	2016	2015
7. Trade and other payables		
Trade payables	4,602,778	3,353,717
Value Added Tax	2,341,248	—
Government projects fund	17,576,168	20,205,799
Employee liabilities	7,397,494	3,430,592
Other payables	167,013	627,737
Deposits received	(189,489)	253,128
Namibia Agronomic Board levy	107,682,498	10,712,740
	139,577,710	**38,583,713**

Subsequent to year end N$ 61,983,490 NAB levies was allocated to AMTA as a grant/funding. See note 3 of the directors' report.

Government projects fund

Government projects fund consist of funds held in trust for the government of Namibia's specific projects. The payable amount is the net amount owing to the government of Namibia in respect of the specific projects, including Dry Land Crop Production Program, Capacity Building, procurement of ICT Equipment and Input Subsidy for the Dry Land Crop Production Project.

Namibia Agronomic Board

The association was appointed by the government to act as an agent of Namibia Agronomic Board (NAB) for collecting levies on certain controlled products in terms of general notice no. 147 of 01 August 2014. The balance consist of levies due to NAB, which is outstanding from traders (refer to note 5).

8. Deferred income		
Government grants	138,443152	141,143,577
Deferred income consists of:		
Deferred income - grants related to assets	30,798,812	35,347,330
Deferred income - grants related to grain	107,644,341	105,796,247
	138,443,153	**141,143,577**

Deferred income consists of government grants for specific projects matching income from grant to related expenses.

Notes to the **Annual Financial Statements** (continued)

for the year ended 31 March 2016

Figures in Namibia Dollar	2016	2015
9. Income		
Sale of grain	63,902,760	4,237,058
Administration fee income	2,163,955	—
Grape inspections	3,972,193	—
Sale of fresh produce	261,680	271,271
Other income	5,928,427	—
Grant operational subsidy	20,000,000	43,110,751
Deferred income released to income	10,450,351	1,501,202
Grants - Other	(336,865)	4,375,999
	106,342,501	**53,496,281**
10. Cost of sales		
Sale of goods		
Cost of grain sold	70,927,065	5,047,708
Cost of fresh produce sold	144,410	247,649
	71,071,475	**5,295,357**

11. Employee benefits

Defined cont ribution retirement plan

The association participates in an Alexander Forbes Financial Services Limited pension fund, which is a defined contribution plan for all of its employees. The defined contribution plan is subject to the Pension Fund Act, Act 24 of 1956 of Namibia the fund is funded both by its members and association contribution, which are charged to profit of loss as they are incurred.

AMTA currently contributes 16% (2015: 16%) of the pensionable emoluments to the fund whilst the members contribute 7% (2015: 7%).

Notes to the **Annual Financial Statements** (continued)

for the year ended 31 March 2016

Figures in Namibia Dollar	2016	2015
12. Deficit before investment income and finance costs		
Deficit before investment income and finance costs for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	4,110,354	1,767,919
Equipment		
• Contractual amounts	265,418	128,822
	4,375,772	**1,896,741**
Loss on sale of property, plant and equipment	(172,838)	—
Profit on exchange differences	1,173	3,034
Depreciation on property, plant and equipment	4,175,143	1,210,473
Employee costs	60,545,419	33,812,868
13. Employee costs		
Direct employee costs		
Salaries and wages	62,907,177	33,282,835
Wages - casual	428,992	417,333
Total employee costs		
Direct employee costs	62,907,177	33,282,835
Indirect employee costs	428,992	417,333
	63,336,169	**33,700,168**

The increase in employee costs is mainly attributed to the following;

- Inflation based salary adjustment,
- Appointment of border staff,
- Promotion of staff and,
- Permanent transfer of staff from the Namibia Agronomic Board (NAB).

This contributed to the increase in employee cost, which in turn is due to increase in head count to 168 in the current period. (31 March 2015: 135)

Notes to the **Annual Financial Statements** (continued)

for the year ended 31 March 2016

Figures in Namibia Dollar	2016	2015
14. Investment income		
Interest income		
Bank	679,816	2,390,763
15. Finance costs		
Bank	19,804	99,121
16. Taxation		
No provision has been made for income tax as the association is exempt from taxation in accordance with section 16(1)(f) of the Income Tax Act of 1981.		
17. Cash generated from operations		
Deficit for the year	(62,741,632)	(3,177,924)
Adjustments for:		
Depreciation	4,172,079	1,21 0,473
Loss on sale of assets	172,841	—
Interest received	(679,816)	(2,390,763)
Finance costs	19,804	99,121
Government grant recognised as financing activity	(28,000,000)	—
Deferred grant movement	(2,450,351)	—
NAB assets grant	(250,077)	—
Changes in working capital:		
Inventories	23,932,422	(43,566,973)
Trade and other receivables	(24,102,633)	(13,052,230)
Trade and other payables	100,993,997	30,802,544
	11,066,634	**(30,075,752)**
18. Auditors' remuneration		
Fees	108,004	151,822

Figures in Namibia Dollar

19. Directors' and key managements' emoluments

Executive

2016

	Emoluments	Other benefits*	Pension paid or receivable	Total
For services as director	929,076	701,233	155,459	1,785,768
2015				
For services as director	665,438	575,948	106,470	1,347,856

*Other benefits comprise, medical aid, bonus, housing, vehicle, computer allowance and cellphone allowance.

Non-executive

2016

	Directors' fees	Total
For services as directors	266,614	266,614
2015		
For services as directors	107,140	107,140

Key management

2016

	Emoluments	Total
For services rendered	4,769,717	4,769,717
2015		
For services rendered	3,462,130	3,462,130

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2016

Figures in Namibia Dollar	2016	2015
20. Related parties		
Relationships		
The Government of Namibia (GRN) and other State Owned Enterprises (SOEs) are the agency's related parties.		
Related party balances		
Amounts due to related parties		
NAB (levies)	(107,682,498)	(10,712,740)
MAWF (project funds)	(17,576,168)	(20,205,799)
Related party transactions		
Amounts included in income		
MAWF operational grant	20,000,000	43,110,752

21. Risk management

Capital risk management

The association's objectives when managing capital are to safeguard the association's ability to continue as a going concern in order to achieve its objectives and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the association consists of accumulated surplus/ deficit as disclosed in the statement of changes in equity.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The more important financial risk to which the association is exposed, and the ways in which they are managed are described below:

Liquidity risk

The association's risk to liquidity is a result of the funds available to cover future commitments. The association manages liquidity risk through an ongoing review of future commitments and credit facilities.

Figures in Namibia Dollar	2016	2015

21. Risk management (continued)

Interest rate risk

As the association has no significant interest-bearing assets, the association's income and operating cash flows are substantially independent of changes in market interest rates.

Cash flow interest rate risk

Financial instrument

	Current interest rate	Due in less than a year
Trade and other receivables - Non interest bearing	- %	37,164,894
Cash and cash equivalents	- %	136,036,952
Trade and other payables - Non interest bearing	- %	(139,577,705)

22. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2016

	Loans and receivables	Total
Trade and other receivables - Non interest bearing	37,164,894	37,164,894
Cash and caslil equivalents	136,036,952	136,036,952
	173,201,846	**173,201,846**

2015

	Due in less than a year	Total
Trade and other receivables - Non interest bearing	13,062,265	13,062,265
Cash and cash equivalents	119,102,855	119,102,855
	132,165,120	**132,165,120**

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2016

Figures in Namibia Dollar	2016	2015

23. Financial liabilities

The accounting policies for financial instruments have been applied to the line items below:

2016

	Financial liabilities at amortised cost	Total
Trade and other payables - Non interest bearing	139,577,705	139,577,705
2015		
Trade and other payables - Non interest bearing	37,164,894	37,164,894

24. Fair value information

Fair value hierarchy

IFRS 13 requires that an entity discloses for each of the assets and liabilities measured at fair value the level in the fair value hierarchy into which the fair value measurements are categorised in their entity. The fair value hierarchy reflects the significance of the inputs used in making the fair value measurements. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

No significant unobservable inputs were used as level 3 inputs and thus there is no relationship established between unobservable inputs to fair value.

There were no transfers between level 1 and level 2 for the reporting period ended 31 March.

Detailed Statement of **Surplus or Deficit and Other Comprehensive Income**

for the year ended 31 March 2016

Figures in Namibia Dollar	Note(s)	2016	2015
Revenue			
Sale of grain		63,902,760	4,237,058
Administration fee income		2,163,955	—
Grape inspections		3,972,193	—
Sale of fresh produce		261,680	271,271
Other income		5,928,427	—
Grants - other		(336,865)	4,375,999
Grant operational subsidy		20,000,000	43,110,751
Deferred income released to income		10,450,351	1,501,202
	9	**106,342,501**	**53,496,281**
Cost of sales	10	**(71,071,475)**	**(5,295,357)**
Gross profit		**35,271,026**	**48,200,924**
Other income			
Discount received		—	839
Tender document fees income		26,261	174
Interest received	14	679,816	2,390,763
		706,077	**2,391,776**
Expenses (Refer to page 94)		**(98,698,931)**	**(53,671,503)**
Operating (loss) profit	12	**(62,721,828)**	**(3,078,803)**
Finance costs	15	(19,804)	(99,121)
(Loss) profit for the year		**(62,741,632)**	**(3,177,924)**

The supplementary information presented does not form part of the annual financial statements and is unaudited

Detailed Statement of **Surplus or Deficit and Other Comprehensive Income** (continued)

for the year ended 31 March 2016

Figures in Namibia Dollar	Note(s)	2016	2015
Operating expenses			
Accounting fees		(22,257)	(121,465)
Advertising		(2,161,209)	(1,951,029)
Agent import levy		(393,037)	—
Auditors remuneration	18	(108,004)	(151,822)
Bad debts		(1,317,346)	—
Bank charges		(321,208)	(135,297)
Cleaning		(353,464)	(165,500)
Commission paid		(1,998,237)	—
Computer expenses		(689,986)	(1,092,015)
Consulting and professional fees		(3,909,184)	(2,044,608)
Depreciation, amortisation and impairments		(4,175,143)	(1,210,473)
Employee costs		(60,545,419)	(33,812,868)
Entertainment		(200,838)	(150,611)
Fumigation expenses		(52,642)	(370,811)
General expenses		(629,867)	(597,405)
Insurance		(782,758)	(170,694)
Laboratory expenses		(440,200)	(67,497)
Lease rentals on operating lease		(4,375,772)	(1,896,741)
Loss on disposal of assets		(172,838)	—
Loss on exchange differences		(1,173)	(3,034)
Motor vehicle expenses		(3,124,555)	(1,093,874)
Other expenses		(427,498)	—
Postage		(182,307)	(284,908)
Printing and stationery		(2,969,583)	(925,069)
Repairs and maintenance		(48,657)	—
Security		(680,610)	(579,705)
Staff uniforms		(417,999)	(153,707)
Staff welfare		(1,268,623)	(288,863)
Subscriptions		(27,641)	(34,519)
Telephone and fax		(1,322,933)	(330,069)
Transport and freight		(238,280)	(431,744)
Travel - local		(1,387,541)	(1,065,156)
Water & electricity		(3,952, 122)	(4,542,019)
		(98,698,931)	**(53,671,503)**

The supplementary information presented does not form part of the annual financial statements and is unaudited

Notes

Notes

AMTA
FROM LAND TO NATION

AMTA HEAD OFFICE

ERF 209 Industrial Road,
Lafrenz Industrial Area
P O Box 350, Windhoek, Namibia
Tel: +264 61 20 23 300
Fax: +264 61 23 63 80
Email: info@amta.com.na
Website: www.amta.na
Facebook: Agro-marketing and Trade Agency

RUNDU FRESH PRODUCE BUSINESS HUB

P O Box 2992, Rundu, Namibia
Tel: +264 66 26 88 100
Fax: +264 66 26 88 150
Cell: +264 81 129 0887

ONGWEDIVA FRESH PRODUCE BUSINESS HUB

P O Box 11513
Oshakati, Namibia
Tel: +264 65 23 25 000
Fax: +264 65 23 25 049
Cell: +264 81 128 0361