



**REPUBLIC OF NAMIBIA
MINISTRY OF AGRICULTURE, WATER AND LAND REFORM**

**STATEMENT BY HONOURABLE CARL-HERMANN
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ON THE OCCASION OF THE EAN CONFERENCE

***“MAXIMISING AGRICULTURAL POTENTIAL FOR NAMIBIA’S
DEVELOPMENT”***

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**Mr Ricardo Goagoseb, Director of the Programme,
Mr Cons Karamata, EAN Board Member,
Mr Vuyo Jack, Guest Speaker,
Producers in the Agricultural Sector,
Captains of the Agro-Industry,
Local and International Cooperating Partners,
Representatives of Public Enterprises and Government,
Members of the Media,
Ladies and Gentlemen,**

I feel honored and I want to thank you for having invited me to a conference that addresses a highly relevant topic. I extend my sincere gratitude to initiators and organizers of this Conference, “*Maximising Agricultural Potential for Namibia’s Development*”. We must recognize agriculture as the lead sector for Namibia’s economic recovery, future food security and growth.

This year HE President Hage Geingob appointed me as the Minister of the merged Ministry of Agriculture, Water and Land Reform. This merger presents a unique opportunity for integrating activities involving land and water, the two major factors of production. These two factors of production also constitute the basic requirements for life or livelihood. The optimal utilization of these factors of production bears the potential for increasing agricultural production and productivity. The assignment is however not only about production of food and agricultural products, it is also about the sustainable utilization of Namibia’s water resources and it is about land reform and how we bring about equalized economic opportunities in a hitherto skew and unequal society, which is largely dependent on agricultural activities for its livelihood.

Our immediate future is profoundly effected by the prevailing Covid 19 pandemic, how we reacted to it and how livelihoods were diminished and often destroyed. The after effects of these events will further influence and shape economies and livelihoods the world over.

For now in their Global Economic Outlook of October 2020 the IMF finds amongst others that:

“Global growth is projected at –4.4 percent in 2020, a less severe contraction than forecast in the June 2020 World Economic Outlook (WEO)

The pandemic will reverse the progress made since the 1990s in reducing global poverty and will increase inequality.

The subdued outlook for medium-term growth comes with a significant projected increase in the stock of sovereign debt. Downward revisions to potential output also imply a smaller tax base over the medium term than previously envisaged, compounding difficulties in servicing debt obligations.”

For Sub Saharan Africa the growth is projected to be -3 %, for Angola -4 % and for South Africa -8 %. For Namibia it is -7.9 %, closer to the South African figure. All projection for the short and medium term indicate a painfully difficult ascent out of this very deep and sudden decline. We project a return to positive economic growth of 2.2 % by next year.

The agriculture sector specifically (agriculture, forestry and fishing) registered a contraction of 2.6 percent in 2019 compared to a decline of 1.9 percent registered in 2018. The downward trajectory in the sector is coming on for some time and must be a matter of concern. For 2019 the decline was predominantly driven by both crop

farming and the livestock sub-sectors that recorded contractions in real value added of 13.5 percent and 6.7 percent respectively. Overall GDP share of the agricultural sector now stands at only 3.9 %, down from about 7 % in 2006.

The good news is that the agriculture sector grew by 42.7 % in the first quarter of this year. This was achieved mainly due to better rainfall, but also improved and diversified crop production and indicates that the sector has good potential for sustainable growth.

Agriculture is one of Namibia's most important sectors. The majority of Namibia's population is dependent directly or indirectly on the agricultural sector for their livelihoods. Livestock farming contributes to approximately two-thirds of agricultural production, with crop farming and forestry making up the remaining third of production. Meat processing (which is accounted for under manufacturing) contributes to another 0.2 - 0.4 percent of GDP.

The export of live animals (mostly cattle, sheep and goats) has historically contributed to about two-thirds of agricultural exports by value. In 2019, Namibia exported about 12,400 metric tons of meat. Most meat is exported to South Africa, Europe, United States and China. In March, Namibia became the first and only African country to export beef to the United States. Livestock farming remains an important foreign exchange earner for Namibia.

The Namibian beef value chain sustains both large and small cattle farmers. The new balance that must be found is one that assures access for all farmers to it without risking the loss of either, access to the best paying export markets such as Europe, United States and China and access to regional markets, mainly South Africa.

It means that the duality in the livestock sector, that is the difference in opportunities between south and north of the Veterinary Cordon Fence must be addressed without risking the outstanding animal health record Namibia holds.

In recent years, the export of crops, vegetables, fruits, and forestry products have grown, and by value have surpassed the beef export value. We have two initiatives, the Green Scheme and the National Horticulture Development Initiative (NHDI), aimed at increasing local agricultural production. The Green Schemes encourage the development of irrigated agronomic production with a target of reaching approximately 27,000 hectares along the perennial rivers bordering Namibia. The Green Schemes have not met many of the initial goals: less than 9,000 hectares are under irrigation and several of the Green Scheme projects struggle financially.

The reasons for the poor performance of Green Schemes are varied, but mainly inadequate and poor management. Opportunities to diversify green scheme production, to open up to private sector participation, to generate power and reduce irrigation costs are available to move from loss making to surplus production and profits. These opportunities must be realized.

Under the NHDI, the government aims to increase local production and facilitate the marketing of fruit, vegetables, livestock fodder, and other horticultural products. One element of the NHDI is an import substitution program dubbed the Namibian Market Share Promotion (NMSP). In terms of the NMSP, importers of fresh horticulture produce are required to source a minimum percentage of their products from Namibian producers, prior to qualifying for an import permit.

The initial NMSP threshold was set at 5 percent in 2005, which increased and currently stands at 47 percent.

The Namibian Agronomic Board indicates that as a result of the NHDl (and other initiatives), local horticulture production has grown by 52 percent since 2005. In further support of the NHDl, the government set up the Fresh Produce Hub in the northern regions with the aim to increase food production while preserving the freshness of food, which unfortunately under performed under the ambit of the Agro - Marketing and Trade Agency (AMTA). Here too institutional reform is required to improve viability especially for support to small scale producers in marketing and trading with fresh agricultural produce.

To protect local farmers, encourage greater production of grain products, and meet Namibia's food security goals, the government (via the Agronomic Board) has established policies to control the trade of white maize, wheat, mahangu (pearl millet), and products derived from these three grains. Controlled grain crops can only be imported or exported with permits issued by the Agronomic Board and the Ministry of Agriculture, Water and Land Reform. For each controlled grain there are specific restrictions.

Other subsections in agriculture are in dire set of circumstances. The dairy sector can hardly stay afloat, the small stock (sheep) producers are in an equally difficult situation and so are the SWAKARA (Karakul) producers. We believe that survival of these subsections is possible, but it needs support and protection. A blend between subsidies, safeguards and investments needs to be developed and all stakeholders must chip in.

Director of Ceremonies, Ladies and Gentlemen,

The current global economic downturn, the ongoing COVID-19 pandemic and climate change and climate variability has negatively impacted economies around the world, including ours. These challenges are exacerbated by the fact that in spite of the above-mentioned initiatives Namibia's agriculture sector lags far behind in the application of modern agricultural production and processing technologies. These difficult times have caused some trading partner countries to impose export restrictions and prohibitions of staple grain foods and other essential products such as medicines and medical equipment. The lesson here is that as a nation we can no longer rely on supplies of basic commodities from elsewhere, nor should we feel secure in utilizing monetary reserves to procure staple food imports to compensate for domestic food production shortfalls. We must instead optimally utilize available resources to boost local agriculture production.

In spite of progress in many areas of development we have to recognise that inefficiencies have crept into our systems and it is now up to us to soberly identify those and to take bold and swift action to eliminate them.

One of those is the productivity of the Namibian economy, which has been on the decline for the last 15 years. This decline is evident in both public and private sectors. Declining productivity means less efficiency, high production cost, weaker competitiveness. The big cogs that must be turned in the opposite direction to improve productivity are innovation, education and skills development across most sectors, including agriculture. Currently outcomes are not only weak, but are also not aligned to market demands. To grow the economy it is therefore also structural reform that is needed in these sectors.

The Namibian economy is a consumption led economy, depending up to about 60 % on public consumption. When public consumption drops, growth disappears. Secondly, as an economy that consumes what it does not produce (finished goods and services), and produces what it does not consume (primary commodities such as minerals, fish and other raw materials), stimulating the economy by higher public consumption does not cut it. Structural reform and significant investments in the productive sector are required. The economy must be turned into an investment led and export driven economy with domestic and regional value chains adding value to available raw materials. Quality finished goods and services should become our tradable products, not only primary goods. Agricultural production and agro-processing show significant potential.

Over the past ten years or so investment flows weakened, with public investments declining and private investment turning negative (more capital outflows than inflows). This is a worrying trend, especially in a situation, when this happens regardless of whether the economy grows or shrinks. The private sector maintains that the causes for these trends are uncertainty as a result of empowerment and redistributive policies of government. This therefore becomes a challenge that must be soberly discussed and resolved. Perpetual inequality and a severely skewed wealth distribution are unsustainable and will cause political instability if not addressed meaningfully. The options are not WHETHER OR NOT to proceed with empowerment and redistribution policies to erode inequality, it is about finding HOW to achieve a more equal society and more dignified lifestyle for all Namibians in the shortest possible time.

Public investment in the agricultural sector has been on a declining trajectory, having dropped from an average of 4.6% of the national budget 10 years ago, to 3.6% now. This low public sector invest-

ment in the agriculture sector highlights the large scope for public private sector partnerships through integrated and coordinated public private investment in the agriculture sector. The way in which agricultural production and agro-processing value chains are developed and interlinked into the domestic and export markets will determine the appetite for private sector investment. Our job is to enhance the appetite.

The ease, or rather the impediments for doing business, the red tape and bureaucracy, is an area where Namibia is consistently rated below global averages. It is one of the softer matters than can and should be addressed swiftly. We have started with relaxing visa requirement, especially for businesspersons. We are checking all regulatory requirements as to whether they actually add value; if not, they will be abolished.

The agricultural sector is governed by several pieces of legislation, some of which are regulatory in nature, others contain protective and regulatory measures. Our task is to scrutinize the regulatory and administrative framework with the intent to clean it from unnecessary and bureaucratic provisions that add no value. We need regulations, we need a proper administration and we need to support the sector, but we must achieve that in the least burdensome manner.

The agricultural sector is the largest employer by far, with agriculture, forestry and fishing accounting for about 167,242 individuals (90,076 male and 77,166 female), or 15.3% of the total Namibian workforce (Namibia Labour Force, 2018).

Agriculture supports the livelihoods of about 70% of the Namibian population. It remains our conviction that agriculture offers the best opportunities to revitalize our economy, create productive and de-

cent jobs, develop skills, transfer and adapt technology, bring about less inequality, better living standards for all and ensure food self-sufficiency at national and household levels. We are convinced that these aims are within reach, they are indeed doable.

There is however a need to urgently transform and modernize agriculture into a vertically and horizontally integrated sector in order for it to serve as the strong bedrock of our economic recovery efforts. In so doing, we should also give effect to the policy objective of competitive sourcing of production inputs, adding value through substantial transformation of the produce into processed or manufactured products for the domestic and export markets. It is important to highlight at this juncture that substantially transformed products are more likely to meet rules of origin to afford preferential access into lucrative export markets.

The public and private sector stakeholders are thus summoned to comprehensively review and refine sector strategies. Recommended solutions must be practical and their implementation should be efficiently coordinated. The success of strategic sector interventions will be measured by sectoral performance against set targets. Therefore, the key performance indicators should hit the national agricultural policy targets, including improved rangeland management, increased agriculture production, increased yields per hectare, national and household food security, food self-sufficiency, horizontal and vertical integration of agriculture value chains, and optimal utilization of resources, to mentioned but a few. We need concerted efforts between the public and private sector to attain these policy targets for a sustainable agri-food sector in the country.

Agriculture cannot be successfully practiced without several basic services, conditions and commodities being readily available. Readily here means affordable, reliable, sustainable and timely. I want to

specifically focus on the two utilities, namely water and power and then close with land and land tenure matters.

Water is a scarce resource. Namibia is the driest country in the Southern African sub-continent characterized by erratic rainfall, high evaporation rates and poor soils. Over 55 % of the water demand is satisfied out of ground water aquifers, the remainder from surface water, that is from perennial rivers at the northern and southern borders and dams in the southern, central and eastern parts of the country.

The point to make is that sustainable water provision is anchored in sustainable resource management of a very scarce commodity. This has important consequences. Environmental sustainability, but also developmental progress and sustainability must be considered carefully. Demand for water cannot be the only determining factor.

For instance the occurrence of water resources does not correlate well with localities where demand is. Windhoek, our capital is a case in point. The demand for water for human and industrial consumption in the capital far outstrips availability and must hence be augmented by sophisticated integrated water supply infrastructure, sourcing water from finite ground water aquifers and surface water sources, while moving large volumes over long distances (between 10 and 400 km). Availability and cost are pivotal factors determining developmental potential.

Water for irrigation is by and large tapped from the perennial rivers at our northern and southern borders and the Hardap Dam. An impediment for competitive agriculture is the cost of power, which is about three times more expensive than in SouthAfrica. This poses serious

viability and competitiveness challenges, but on the other hand investment opportunities in alternative power supply options.

We need well coordinated institutionalized water development planning capacity to ensure that available water resources are utilized optimally. Smart agriculture and smart water utilization methods and technologies need to be roped in together with affordable financing packages for infrastructure development.

We have to scale up investments in water infrastructure in order to ensure safe water supply to a diverse group of consumers ranging from households in cities and informal settlements, to mines, power plants and SMEs, to irrigation schemes, livestock producers and agro processors, and small scale farmers. No one may be left out.

But the time has come where we have to be smart in our choices of where development initiatives are located. Industrial development and subsequent urbanization has to happen where water provision is the most feasible. Desalination offers great opportunities to have such development occur along our coast where the ocean provides an almost limitless reservoir of water. Significant economic and commercial opportunities could open up when these large projects and programs are properly planned, appropriately de-risked and affordably financed. With such a coordinated approach this development can become a strong growth driver. Again, it is important that all stakeholders are contributing, it has to be a close and integrated cooperation between public and private entities.

Land reform has the target to give back in a fair and transparent manner a dignified and prosperous livelihood to Namibians who unjustly lost it. The asset is land, prosperity comes from the economic

opportunity derived from land use, wealth is the cumulation of assets and income.

The main pillars of our land reform policy are (1) the equalization of access to and ownership of land, (2) land remains a secure asset with secure land tenure and (3) the land must be productive to provide for dignified and prosperous livelihoods.

Thomas Piketty in his book *CAPITAL AND IDEOLOGY*, which appeared earlier this year (2020) made the following observations vis-a-vis South African Apartheid, 1948-1994.

“What the South African case demonstrates in its own particular way is, once again, the power of proprietaries inegalitarian mechanism: the concentration of wealth in the country was built on the foundation of the most absolute racial inequality, but that concentration largely endured even after the advent of formal equality of rights, which plainly has not been enough to eliminate it.”

“In most other colonial societies, the redistribution of land and other property was accomplished through the departure of the white community and a more or less chaotic process of nationalisation.”

The future of our country depends on our ability and willingness to live and make a living in a diverse ethnical and cultural setting. It also depends on our willingness to equalize socio-economic opportunities and diminish inequality. Without reconciliation that is not possible.

Director of Ceremonies, Ladies and Gentlemen,

I would like to conclude by stating that the Government policies and strategies can only be successfully implemented when we have broad consensus on them, when we collaborate and coordinate, when we listen to each other and learn from each other, when all role players make concerted efforts and are fully commitment.

We are in this together, let's evaluate frankly and openly, with compassion and purpose and let's make it work together and for everyone, because our survival, our well being and that of our children depend on it.

I thank you.