



MCA Namibia Agriculture Project Description

Table of Contents

| | |
|-----------------------------------------------------------------------------------------|-----------|
| 1. Introduction | 4 |
| 2. Project Description and Cost | 6 |
| 3. Activity 1: Land Access and Management | 7 |
| Sub-Activity 1: Communal Land Support | 8 |
| Sub-Activity 2 : Community-Based Rangeland and Livestock Management (CBRLM) | 9 |
| Sub-Activity 3: Environmental & Social Assessment | 10 |
| 4. Activity 2: Livestock Support | 11 |
| Sub-Activity 1: Veterinary Infrastructure Support | 11 |
| Sub-Activity 2: Livestock Traceability System | 12 |
| Sub-Activity 3: Livestock Market Efficiency Fund | 13 |
| Sub-Activity 4: Environmental Assessment | 14 |
| 5. Activity 3: Indigenous Natural Products Development | 14 |
| Sub-Activity 1: PPO Capacity Building | 15 |
| Sub-Activity 2: INP Innovation Facility | 15 |
| Sub-Activity 3: Market Information Delivery | 15 |
| Sub-Activity 4: Environment Impact / Gender Assessment | 16 |
| | |
| Annex 1: Conditions Precedent for the Agricultural Project of the MCA Namibia Programme | 17 |
| Annex 2: Map of Project Localities and Interventions | 19 |

Abbreviations

| | |
|----------|---------------------------------------------------------|
| CBNRM | Community-Based Natural Resource Management |
| CBRLM | Community-Based Rangeland and Livestock Management |
| CLRA | Communal Land Reform Act |
| CIF | Compact Implementation Funding |
| CITES | Convention on International Trade of Endangered Species |
| CLB | Communal Land Board |
| DFS | Disease Free Status |
| DVS | Directorate Veterinary Services |
| EIA | Environmental Impact Assessment |
| EMP | Environmental Management Plan |
| ESA | Environmental and Social Assessment |
| ETSIP | Education and Training Sector Improvement Programme |
| FAN | Farm Assured Namibian Meat |
| FMD | Foot and Mouth Disease |
| GDP | Gross Domestic Product |
| GRN | Government of the Republic of Namibia |
| HIV/Aids | Human Immunodeficiency Virus |
| INP | Indigenous Natural Products |
| IPTT | Indigenous Plant Task Team |
| LSU | Large Stock Unit |
| MAWF | Ministry of Agriculture, Water and Forestry |
| MCA | Millennium Challenge Account |
| MCC | Millennium Challenge Corporation |
| MLR | Ministry of Lands and Resettlement |
| NBRI | National Botanical Research Institute |
| NCA | Northern Communal Areas |
| NGO | Non Government Organizations |
| NRMPAS | National Rangeland Management Policy and Strategy |
| PIF | Promoting Indigenous Fruit |
| PPO | Primary Producer Organizations |
| SVO | State Veterinary Office |
| TA | Traditional Authority |
| USA | United States of America |
| VCF | Veterinary Cordon Fence |

MCA Namibia Agriculture Project Description

1. Introduction

The Millennium Challenge Account (MCA) Namibia Compact, providing grant funding for public investments in Education, Tourism and Agriculture (livestock and indigenous natural products), was signed on 28 July 2008 between the Republic of Namibia and the US Government, acting through the Millennium Challenge Corporation (MCC). An amount of US\$304.5 million will be available for development in the target sectors, over and above current Government allocations and assistance from other development partners.

MCA Namibia, which is a project implementation unit working under the auspices of the National Planning Commission, is implementing the Programme (www.mca.gov.na).

In **Education**, the Programme seeks to bring the quality of the work force closer to the requirements of industry and the labour market at large. The MCA Namibia Education Project contributes to Education and Training Sector Improvement Programme (ETSIP). It aims to improve the competency and knowledge of young Namibians by supporting new and innovative methods of learning in addition to the more traditional approaches to education and improve physical infrastructure for learning in schools, regional study and resource centres and Community Based Skills Development Centres.

Namibia is the first MCC country that will benefit from a **Tourism Project**. Consistent with Namibia's national development strategies, the GRN aims to develop one of its fastest growing "export" industries with its focus on tourism. The MCA Namibia Programme seeks to address the following three obstacles to more rapid growth in the tourism industry and to greater participation by Namibia's rural communities in the tourism sector. The Etosha National Park, the jewel that attracts tourists to Namibia, is not fully developed in terms of its tourism potential and faces management challenges relative to competing regional parks. Namibia is relatively unknown as a tourism destination with little diversification of source markets for long-haul international tourists and low levels of private investment on communal land due to high transaction costs and difficulty in securing long-term access to land limit benefit streams to Namibia's formerly disadvantaged communities.

The **Livestock Activity** seeks to bring the marketing opportunities for farmers who live north of the Veterinary Cordon Fence closer to the opportunities farmers enjoy south of the Fence. The focus will be on improving veterinary services aimed at obtaining animal disease-free status for the Northern Communal Areas (NCA) in order to gain access to international markets. The accompanying public investment in rangeland management will improve access to grazing and farming practices. The overall objective is to increase the farmers' cash income derived from large and small-stock farming in the NCA.

Comprising 11% of GDP and earning over 25% of export receipts, Namibia's agriculture sector supports approximately 70% of Namibia's population with income, subsistence and employment, particularly in the northern communal areas (NCAs) where 65% of nation's poor population resides. Although livelihood strategies in the NCAs vary amongst regions, a majority of households rely on a range of natural resources, such as rangeland for livestock rearing and harvesting of natural plants.

The **Communal Land Management** system in the NCAs is characterized by open community access to grazing land, which combined with increased human and animal populations, has led to poor rangeland management, over-grazing, and severe degradation of rangeland resources. Intimately related to the declining conditions of rangelands in the NCAs is the poorly-functioning communal land tenure system and associated institutions. The land tenure system restricts private ownership of communal lands and thereby individual rights (customary rights and rights of leasehold). However, individual farmers have been allocated rights under customary systems to fence off portions of land resulting in the gradual shrinkage of common grazing areas, which in turn is detrimental to sustained livelihoods of poor households.

Although the Communal Land Reform Act of 2002 attempted to address these problems, the Act remains poorly understood by the general population and by the land administration institutions, including chiefs, village headmen, Traditional Authorities (TAS's), and the Communal Land Boards (CLB's) that were created under the Act. In addition, these institutions have been under-resourced, constraining the enforcement of the provisions of the Act, and in some cases, resulting in the unauthorized fencing off of large tracts of land. The partial implementation of the Act has created an environment in the NCAs that discourages investment and economic opportunities within the agricultural sector.

A unique physical feature of the Namibian livestock industry is the Veterinary Cordon Fence or "Red Line" that runs from East to West along the southern boundary of the NCA. The fence was constructed in the early 1960s to control the spread of animal diseases from the northern "endemic" area to the southern Foot and Mouth Disease (FMD) free area. South of the fence, about 4,000 livestock commercial farmers (managing approximately 52% of the national herd) and 65 000 communal farmers benefit from disease free status (DFS) and have access to market opportunities in South Africa, Europe and possibly the USA in the near future. The 115,000 livestock owners/households north of the fence own 48% of the national herd and do not enjoy the benefits of DFS. To market livestock, farmers must operate under compliance with FMD regulations which currently represents sizeable costs and efficiency losses, thereby compounding other production related constraints faced by the livestock farmers in the NCA.

Livestock farming involves nearly 60% of the households in the NCAs, and approximately 40% of the region's poor own cattle. Livestock productivity is constrained by a lack of flexible and efficient market outlets and a poorly-functioning communal land system. Given the lack of disease free status in the NCAs and limited market access, farmers face high costs in the formal marketing of animals. Poor market incentives, combined with the open access grazing systems, lead to overstocking of rangelands, degradation of the resource base, and consequently poor livestock nutrition and productivity. The estimated average off-take rate

in the NCAs is only seven percent, as compared to a level of twenty-five percent in the regions south of the veterinary fence.

Rangelands in the NCAs are generally characterized by significant deterioration of grasses and soils, and a lack of broad community participation in land use and natural resource management decisions. Exemplifying this trend, the carrying capacity of rangeland has declined from one Large Stock Unit (LSU) per ten hectares to one LSU per 20 to 30 hectares over the past 40 years. Various farmer training programmes have been introduced since Independence aimed at mobilizing farmers to become more market oriented.

The Namibian agricultural sector is also known for its natural products that come from indigenous biological resources, traditionally wild harvested, that are called **Indigenous Natural Products (INPs)**. When harvested in a sustainable manner, they offer opportunities to the rural poor to diversify their household income streams. Significant economic growth opportunities for the Namibian INP industry have been documented by both researchers and private firms, namely an annual trade in INPs of approximately US\$ 1.13 million in 2007 and an anticipated to increase to US\$ 11.8 million over a 10 year period.

The production of INPs in Namibia gained momentum since the mid 1990s, when Namibian stakeholders developed and refined an innovative and coordinated approach to proactively create economic opportunities based on harvesting, processing and trading of indigenous plants/natural products. The industry growth projections are based on a strong and growing global demand for natural ingredients, including those currently harvested in Namibia, used in medicinal products and cosmetics. In 2000, the early successes of this approach was used as a foundation to design MAWF's Promoting Indigenous Fruit (PIF) project, which in turn resulted in the formation of the Indigenous Plant Task Team (IPTT), a multi-stakeholder coordinating body chaired by the Directorate of Agricultural Research. This approach has so far brought four new Namibian natural products (Marula oil, Kalahari Melon Seed oil, Ximenia oil, Manketti oil) to international cosmetic markets, with several others (e.g. Baobab oil and pulp, !Nara oil, Mopane essential oil, Marula juice and fruit pulp, Commiphora resin, organic fair trade Devil's Claw, community-produced Hoodia, Terminalia root bark, Manketti fruit pulp and Makalani fruit) at various stages of the development.

II. Project Description and Cost

The MCA Namibia Programme aims to reduce rural poverty through investments that achieve a sustainable increase in the economic performance of the agricultural sector. The Agriculture Project includes three key activities:

1. Land Access and Management;
2. Livestock Support; and
3. Indigenous Natural Products (INP).

The following table presents the Agriculture Project costs per activity (in US\$):

| Activity | CIF | Y1 | Y2 | Y3 | Y4 | Y5 | TOTAL US\$ M |
|----------------------------------------------------------------|-------------|-------------|--------------|--------------|-------------|-------------|-----------------|
| 1. Land Access and Management | | 0.18 | 7.27 | 6.60 | 4.94 | 2.17 | 21.16 |
| a. Communal Land support | | | | | | | |
| b. Community-based Rangeland and Livestock Management Training | | | | | | | |
| c. Environment & Social Assessment | | | | | | | |
| 2. Livestock Support | 1.37 | 0.48 | 8.98 | 5.99 | 2.02 | 0.27 | 19.09 |
| a. Veterinary Infrastructure support | | | | | | | |
| b. Livestock Traceability System | | | | | | | |
| c. Livestock Market Efficiency Fund | | | | | | | |
| d. Environmental Assessment | | | | | | | |
| 3. Indigenous Natural Products | | 0.91 | 1.71 | 1.88 | 1.48 | 0.74 | 6.71 |
| a. PPO Training | | | | | | | |
| b. INP Innovation Fund | | | | | | | |
| c. Market information access | | | | | | | |
| d. Environment Impact/ Gender Assessment | | | | | | | |
| PROJECT TOTAL | 1.37 | 1.56 | 17.96 | 14.47 | 8.43 | 3.19 | 46.97 |

Note: Using the current (January 2009) exchange rate of 1US\$ to N\$9.5, the project amounts to N\$448 million over 5 years, i.e. following the Compact Implementation funding (CIF) period.

Activity 1: Land Access and Management

The Land Access and Management Activity aims to address the barriers to effective and sustainable management and use of rangeland in the NCAs.

The first Sub-Activity, Communal Land Support, will strengthen the land ownership verification and registration process towards improved land tenure in the NCAs as managed by the Ministry of Lands and Resettlement (MLR). In the implementation of this Sub-Activity, MCA Namibia will work closely with MLR.

The MCA Namibia Programme is funded by the US Government
through the Millennium Challenge Corporation

The other Sub-Activity, Community-based Rangeland & Livestock Management (CBRLM), will enhance the productivity and sustainability of land-based resources in the NCAs through the introduction and support of CBRLM practices. This activity was developed in response to the significant deterioration of rangelands and a lack of community participation in land use and natural resource management decisions. The activity builds upon the existing successful Community-Based Natural Resource Management (CBNRM) movement in Namibia. In the implementation of this Sub-Activity, MCA Namibia will work closely with the Ministry of Agriculture, Water & Forestry (MAWF).

The activity is focused on three key areas of performance, classified under two sub-activities:

1. The implementation of a systematic process designed to identify de facto land holdings and fences which, under the terms of the Communal Land Reform Act (CLRA, Act 5 of 2002) require applications for their verification and registration. The activity will concentrate on identifying, in a comprehensive manner, all land parcels above 20 hectares that have been enclosed with a fence, and on assisting the Communal Land Boards (CLBs) to adjudicate on the validity of these in terms of the Act in each of their respective areas;
2. The provision of technical assistance and other resources to the 6 regional CLBs, the 15 recognized TA's in the NCA, village headmen and chiefs to support their capacity to adjudicate, allocate and administer formal land rights in the NCA and to resolve conflicts that may arise. This will include a broadly targeted communications campaign, the provision of training, material support, and the development and implementation of detailed operating systems and procedures for the CLBs, designed to enhance their land administration functions in respect to the award of leaseholds for tourism and grazing rights.
3. Training of livestock farmers through the Community-based Rangeland and Livestock Management (CBRLM) practices to address the degradation of rangelands and to improve livestock and land management decision making and business best practices.

Sub-activity 1: Communal Land Support

This sub-activity is comprised of two phases with a total of five components. Some of the components will be implemented concurrently and others will be sequential; the outcome of some of the initial components will have an impact on the nature and scale of subsequent components.

Phase One: Assessment & Identification, Communication and Capacity-Building

- *Component 1: Preliminary Assessment & Identification*

MCA-N will support an initial assessment and identification process into the incidence of relevant land holdings in each of the CLB coverage areas and the production of detailed strategies, implementation plans and budgets for conducting area specific systematic verification and registration campaigns in each of the regions.

- *Component 2: Communication*

MCA-N will support the implementation of an extensive civic education campaign designed to improve the understanding of the relevant provisions of the Act amongst citizens, village headmen, chiefs, and TAs, and to encourage persons holding relevant land parcels to apply for their verification and registration.

- *Component 3: Capacity-Building*

MCA-N will support the refinement or, where necessary, development of appropriate systems and procedures to enable the TAs and CLBs to efficiently verify, adjudicate, and register leaseholds and customary rights over parcels in excess of 20 hectares. This will include development and delivery of a training curriculum for members of the CLBs and TAs, as well as village headmen and chiefs.

Phase Two: Support to Verification and Registration

- *Component 4: Support to Verification*

MCA-N will provide resources to the CLBs to support an accelerated verification of applications for leaseholds and customary rights over parcels in excess of 20 hectares, including a public review process (with the participation of the public, village headmen, chiefs, TAs and CLBs).

- *Component 5: Support to Registration and Investigation*

MCA-N will provide resources to the CLBs to support the registration by the CLBs of land rights verified during Component 4, formal establishment of investigating committees under the CLBs, and preparation of reports by the investigating committees in accordance with section 37 of the Act for relevant land holdings for which applications have not been received or additional information is required.

Through these above efforts, the Communal Land Support Activity is expected to improve the sustainability of natural resource and land utilization, and the rural poor are expected to benefit in the following ways:

- The public education and outreach components will increase awareness among the general population regarding their rights under the Communal Land Reform Act. This includes rights of the poor to obtain access to land, use the commonage for grazing purposes, and have a role in land allocation decisions by local authorities and CLBs.
- Capacity building and resourcing of CLBs and TAs will enable them to better fulfil their statutory obligations related to allocation of land rights, and investigation of illegal fencing activities. It will also put in place more transparent procedures for allocation of land rights, and will help stop the illegal capture of common areas which the poor depend on for grazing.
- The systematic regularization of rights to parcels over 20 hectares in the NCAs could result in the re-capture of common land that has been inappropriately fenced off, and, where appropriate, the removal of fences that prevent access to common areas. It

will also lead to a clear identification of the “commonage,” which will provide communities with a tool for adopting more effective community-based rangeland and livestock management (CBRLM) practices.

Sub-Activity 2: Community-Based Rangeland and Livestock Management (CBRLM)

The CBRLM Activity will be based on regional best practices by following the MAWF’s National Rangeland Management Policy and Strategy (NRMPAS), Draft Document (December 2008) and will assist communities to better manage their land, rangeland, water and livestock resources. Successful implementation will improve community and regional coordination among competing land uses, cross-community resource sharing, improved community-level decision making, and community-level adoption of productivity-enhancing rangeland management practices. Regeneration of perennial and annual grasses combined with the adoption by community members of improved livestock management practices will have a direct impact on improved livestock productivity and income generated from livestock assets.

The quality of livestock has a direct correlation with the quality of the rangelands. This investment will thus contribute to improving the output and sustainability of rangelands, increasing the productivity of cattle and small-stock, thereby providing farmers with the opportunity to sell livestock in better condition and of higher value on local and regional markets. This activity will also place communities in a position to benefit from eventual Disease-Free Status attainment by mitigating further acceleration of rangeland degradation and improving farmers’ ability to produce higher quality, market-ready livestock. The MCA-N Programme will fund technical assistance and a training programme for approximately 50 community-based livestock groups in the NCAs, focused on the three elements:

- *Element 1: Rangeland Management*

Rangeland Management training will assist farmers in developing two key skill areas: i) application of innovative approaches to land use planning, land “ownership” and sustainable natural resources management at the community level; and ii) technical interventions to accelerate the regeneration of grasses and improve the production of biomass per hectare in the NCAs. Specifically, community groups will develop and implement resource management plans to aggressively pursue solutions to the serious degradation of rangeland and water resources, which will enhance the carrying capacity of rangeland and productivity of livestock.

- *Element 2: Livestock Improvement*

Livestock Improvement training will assist household members to improve animal husbandry best practices through capacity building in productivity (herd management issues such as health, nutrition and reproduction). The training on large and small stock will include all livestock owners, women and men. The training will be delivered using methods that have been proven to have high adoption rates locally, such as farmer exchanges, field days, and on-farm demonstrations.

- *Element 3: Business and Marketing Skills Development*

Business and Marketing Skills Development training will assist communal farmers in developing viable business plans and performing basic recordkeeping on type and quantity of livestock, costs, revenues and customer accounts. Training in agricultural credit/financing, and marketing principles to understand market dynamics, principles of the value chain and value of product in pricing will also be provided.

Sub-Activity 3: Environment & Social Assessment¹

The Land Access and Management Activity may lead to site-specific environmental impacts which are not anticipated to be significant and can be mitigated via environmental management plans and participatory community-level decision making processes.

The MCA-N Programme interventions intended to improve land use and clarify ownership rights under the Land Access and Management Activity could lead to the involuntary resettlement. This could occur if the process of verification of land rights leads to identification of unauthorized land use or community-based land use planning actions are abused by elites. Additionally, as authority over land management is devolved and management actions are implemented to improve the productivity of rangelands, local-level decision makers must be aware of rules and regulations regarding land use, particularly in relation to protected areas. Land use planning and management procedures must ensure that community decision making processes are truly participatory and do not lead to degradation of existing protected areas, such as wildlife conservancies. Furthermore, procedures will be developed to ensure that community decision-making regarding restricting access to land includes measures to mitigate adverse impacts on livelihoods.

The CBRLM Sub-Activity incorporates training and technical assistance in livestock-related activities involving women's participation, such as raising small ruminants. These animals and their owners will also benefit from improved veterinary services in the Livestock activity. The implementation of the Communal Land Support sub-activity will need to be structured to ensure that women can benefit from the MCA-N Programme.

Activity 2: Livestock Support

The interventions under Activity 2 will complement the measures in Activity 1, with the overall aim of improving livestock productivity and incomes. This investment targets key constraints to increased profitability of NCA livestock operations:

- Reduction of animal diseases and mortality through improved availability of public veterinary services;
- Introduction of a traceability system that enables herd monitoring, which is one requirement for livestock access to international markets; and

¹ The implementation modus of the Agriculture Project related ESA work still needs to be discussed. Some of the ESA work may be integrated in the Final Design Studies (e.g. for the SVOs), some of it may be combined (e.g. for CBRLM and INP).

- Shrinking of costs and losses incurred from farm gate-to-slaughter (i.e., in the transport, quarantine, and marketing of cattle). Remediation of constraints will directly increase value received from livestock production and increase the average off-take rate in the NCAs.

Sub-Activity 1: Veterinary Infrastructure Support

The MCA-N programme will fund the construction of five new state veterinary offices (SVOs) and the development of two new community-based quarantine camps and/or the upgrading of two existing quarantine camps in the Caprivi. In the NCAs, MCC will fund three new veterinary service centres in high volume livestock areas (Eenhana, Outapi and Omuthiya), which were identified as optimal geographic sites for veterinary offices and clinics through MAWF's National Agricultural Support Services Programme study during 2006. The establishment of these three centres will considerably improve the delivery of veterinary services to the NCAs which has been historically under-served. This same study also identified two underserved sites south of the existing VCF, Okakarara and Epukiro. SVOs will be constructed at these two sites to support improved livestock production in these areas.

The Department of Veterinary Services (DVS) has the technical resources in personnel, but lacks the infrastructure to support high-quality veterinary services in the NCAs and in the areas populated with livestock operations. Both high-quality technical resources and supporting infrastructure are necessary for improving livestock health and improved herd productivity. For each of the five State Veterinary Offices (SVO) in Eenhana, Outapi, Omuthiya, Epukiro and Okakarara, MCA-N resources will be used to construct offices, a laboratory and clinic, storage, post mortem facilities, cold room, bathrooms, garages/carports, a storage/pharmacy room, and accommodation facilities for permanent staff. Additional investments consist of fencing, kraals, loading and livestock facilities for each of the VSCs are also part of MCA-N's programme.

The presence of Foot and Mouth Disease (FMD) in the Caprivi will continue as long as there are free roaming buffalo. Therefore, the focus of the Agriculture Project in the Caprivi will be on improving the quarantine system in support of improved livestock productivity and marketing. There are two quarantine camps that provide throughput to the only operating meat processing plant located in the region. Of all the quarantine camps in existence in the NCAs, these two camps (Kopano and Katima) demonstrate the highest utilization and need for immediate improvement. The Programme resources will cover the costs of physical improvements to these camps, including on and off-loading ramps, livestock kraals, and staff and herder facilities. Additionally, two new community-based quarantine camps in the flood plains of the Caprivi region are part of this Programme.

Sub-Activity 2: Livestock Traceability System

Animal identification for traceability purpose is a basic and necessary tool to be used at the farm level to monitor and manage herd performance. However, a livestock traceability system does not exist in the NCAs. To meet the globally accepted requirements by buyers and consumers of meat products, a traceability system for food safety purposes will be established, meeting government and trade regulations. The system will initiate documentation of health status, reproductive history and movement of all livestock in the

NCA's and meet market-entry and traceability requirements of livestock and livestock products throughout the entire supply chain. The Programme resources will support the procurement of necessary equipment and software to launch an animal traceability system for livestock in the NCA's. The installation of software will support the collection of livestock data from livestock tags at points of veterinary inspections, vaccination, and sales to ensure that livestock data is maintained in a functional system and updated on a regular basis.

All regional DVS Offices will be upgraded with the necessary hardware and software, and training will be provided to ensure that DVS employees are capable of collecting and utilising the data. The data and information will be used by the DVS to monitor regional herd health and livestock movements and will strengthen the livestock owner's ability to manage a productive herd. Data originating from the NCA's will also be linked to the existing traceability system south of the NCA's, managed by the Meat Board under the Namibian FAN Meat System. Finally, to allow for efficient management of livestock traceability throughout the NCA's, the communication infrastructure and systems of the principal veterinary centre in Ondangwa will be upgraded to enable this centre to fulfil its oversight function for the regional NCA centres.

Using DVS staff and temporary workers funded by the GRN, Animal Health Technicians in their respective regions will supervise the application of the tags and the recording of owner-specific information for transfer to the Livestock Traceability Unit of DVS. This initiative will tag 1.2 million cattle and 1.2 million small stock above the age of four months within an 18-month period, during which all tags will be supplied with Programme funds. After the completion of this initial tagging exercise, all future tagging of newborn or newly added stock, a mandatory exercise, will be at the expense of the owner.

Sub-Activity 3: Livestock Market Efficiency Fund

The objective of this sub-activity is to improve livestock incomes in the NCA's by:

- Reducing costs and losses associated with marketing livestock under the current quarantine system;
- Alleviating other challenges to successful commercial marketing of livestock that are present in the current supply chain beyond the farm gate due to the lack of disease free status; and
- Identifying and eliminating barriers to increasing volume of livestock and livestock products sold into existing markets and accessing additional markets destinations.

The implementation of this activity will be conducted through a two-phased process. The first phase will involve a synthesis of existing market studies where key market strategies are identified and recommendations for market improvements are provided. This first phase will result in a call for proposals from the industry for market improvement strategies. A Livestock Marketing Facility manual will be developed and will provide clear guidelines on:

- use of funds;
- eligibility;

- evaluation criteria;
- proposal format;
- costing/cost-sharing guidelines;
- environment and social assessment guidelines;
- deliverables;
- ownership of new technology if applicable; and
- dissemination of results for broad and effective application and adoption livestock industry stakeholders.

The tasks necessary to complete the first phase will be executed by a technical secretariat, residing under the Livestock Support Activity Stakeholder Committee. This stakeholder committee will also review and select proposals for funding, to be approved by MCA-Namibia and MCC.

The second phase will involve the implementation of selected proposals. Proposals may include:

- Actions to achieve international recognition of DFS in the NCAs;
- Funds to match MAWF, community, municipal or private sector contributions to build or rehabilitate market facilities, such as auction kraals or privately owned and managed quarantine camps;
- Funds to arrange improved truck transport of animals residing a long distance from current quarantine camps, particularly in situations where existing transport arrangements (i.e., on the hoof) are inefficient and where a small grant could be successful in facilitating more efficient transport;
- Funds to support privatization or management and policy reforms of existing quarantine facilities, and/or repairs or extensions of facilities in conjunction with these reforms; and
- Technical advisory costs associated with market policy or management reforms of government services to improve livestock system efficiencies outside of the quarantine system.

This is not an exhaustive list of categories at this time and the list will be refined and adjusted as a result of the Phase I assessment and recommendations.

Sub-Activity 4: Environmental Assessment¹

The Livestock Market Efficiency Improvement fund is considered a Category D investment because it involves an intermediate funding facility. The Livestock Health and Marketing Activity may lead to potential site-specific environmental impacts resulting from the construction and operation of veterinary centres, rehabilitation of quarantine camps, and construction of community, municipal or private sector livestock marketing facilities through

matching Programme funds. An environmental assessment will analyze the environmental impacts of the livestock infrastructure construction and rehabilitation and develop site-specific environmental management plans (EMPs). These EMPs will focus on proper waste management, drainage, energy efficiency at the building sites, as well as preparation of operations and maintenance manuals for the buildings.

Of particular concern are the management and disposal of pharmaceutical products, biocides, disinfectants, detergents and other wastes at the SVOs and to a lesser extent the Quarantine Camps. Given the remote location of these facilities, specific measures will be integrated into the final designs to ensure proper disposal so that untreated wastes do not go directly into streams or rivers. Additionally, the EMP will define the regulations and specific training needed to govern the use of Restricted Use Pesticides and other substances in compliance with the MCC Environmental Guidelines and the GRN Environmental Policy. For any veterinary infrastructure built through the Livestock Market Efficiency Improvement fund, environmental screening and site criteria will be applied and periodic and random performance audits of infrastructure funding recipients conducted during implementation.

Activity 3: Indigenous Natural Products Development

There has been considerable investment of public, donor and private resources, including by PhytoTrade Africa, in the Namibian Indigenous Natural product (INP) industry over the past 12 years, mainly aimed at “pilot scale” product and market development of these products. These investments are now beginning to translate into increasing market demand, and now is the time to focus on increasing the volume/value of exports and value-adding investments in Namibia. To improve industry growth, the constraints of a poorly organized raw product base, a fragmented and limited supply chain, and the need to mobilise additional working capital has to be assessed.

The INP investment will follow a supply chain development strategy initially targeting the primary producer organizations (PPOs) in the following products: Devil’s claw, Hoodia, Kalahari Melon Seed, Marula, and Ximenia.

Rural, small-scale primary producers of INPs are faced with extensive barriers to market entry, notably the lack of appropriate technical inputs, deficiency of basic business skills, fair-trade and organic certification and a limited (monopoly) buying and distribution network for their raw product. The MCA-N Programme resources will focus on assisting primary producer organizations (PPOs) to improve their volume, quality, and value-added products, in addition to their organizational and business capacity—both of which are necessary steps to integrating PPOs into the INP supply chain. A priority will be placed on attracting participation of women, young adults, and small businesses engagement in the production, processing, and marketing of opportunities in the PPOs. The activity will also focus on localising the value chain of the INP of the global market and attention will be given to the availability of market information to INP stakeholders. There are three sub-activities:

Sub-Activity 1: PPO Capacity Building

The capacity building of PPOs is in areas critical to effectively responding to market demands for volume of quality products. This will be accomplished through the delivery of training and the provision of small Primary Production Improvement Grants to PPOs. Combined, this support can significantly improve the ability of PPOs to amass quality INPs to meet volume and product specifications and requirements of global buyers. The priority training interventions will:

- Assist PPOs to develop skills and structures in leadership, governance, management, member communication and advisory services;
- Facilitate the development of viable/practical business plans and skills of members to implement the plans in financial recordkeeping, procurement contracts and customer accounts;
- Improve cultivation, harvesting, handling and processing “Codes of Practice” and new innovations adopted by PPOs and their members necessary to advance delivery of sufficient volumes of high quality product as demanded by buyers. Allow PPOs to understand the functioning of the value chain and their roles (utilizing the INPs) within that chain; and
- Establish a basis to attain organic and fair-trade certification for these products.

A functional, certified traceability system is rapidly becoming the global industry’s norm and therefore absolutely critical for PPOs to capture projected market demand. Any and all guidance to PPOs on traceability preparation and investment will be based on validated market intelligence and cost-benefit calculations. When certification is accomplished, this value-addition can deliver a significant price premium for PPOs at point of sale.

Sub-Activity 2: INP Innovation Facility

The INP Innovation Facility will support a series of “call for proposals” that solicit interest from public and private entities to develop innovations for broad application in the INP industry that are essential to short-term and long-term competitiveness of in the global market place. The facility will be managed directly by MCA-Namibia’s INP Manager under the Director for Agriculture. The aim of the facility is to out-source priority INP innovation opportunities to research entities, academic institutions, NGOs, and private firms, such as:

- Develop, test, analyse and promote improved techniques for processing INPs; and
- Build capacity in Namibia to supply certified, higher value products and “ready to formulate” natural ingredients directly to clients in national and international markets.

Sub-Activity 3: Market Information Delivery

Market information is critical to sound business decision-making. Timely, reliable and transparent market information is not readily available to most INP stakeholders, especially to PPOs. For most PPOs, their sole source of market information comes from intermediate

buyers. A third-party source to validate offers of buyers and/or provide a knowledge base from which to negotiate price can be a very valuable decision-making tool.

MCA-Namibia will through the National Botanical Research Institute (NBRI) collect volume and prices from PPOs, processors, and buyers, assemble and disseminate in a timely and effective manner to regional extension offices and PPOs. NBRI has an established plant database (NamIP) for capturing market information relating to indigenous plant species, and is well positioned to collect and disseminate information to and through extension services and NGO service providers on to PPOs. NBRI will consider other options of market information dissemination such as telephone dial-in, since most people have cell phones.

NBRI will also conduct an organizational audit of the Indigenous Plant Task Team that will make recommendations and provide follow-on assistance for structural reform and development of service delivery most needed by the INP industry, in areas IPTT has a comparative advantage in delivery.

Sub-Activity 4: Environment Impact/ Gender Assessment¹

The Indigenous Natural Products Activity is considered a Category A activity due to potentially significant environmental impacts anticipated to result from increased harvesting, utilisation and export of species listed for protection under the Convention on the International Trade of Endangered Species (CITES). The INP Activity may lead to potentially significant environmental impacts due to the harvesting, utilisation and export of species listed for protection under CITES. Since the activity's goal is to increase export volume and sales of INP products, proper safeguard measures will be required to ensure the long-term viability of endangered INP species. An environmental impact assessment will be conducted and an EMP developed to identify impacts and develop appropriate mitigation measures.

The Indigenous Natural Products Activity will benefit poor women who are the primary harvesters and processors of INP products. The harvesting and processing of INP products is labour-intensive, time-consuming and presents health and safety hazards due to the use of low-technology processing methods. Because the INP Activity will significantly involve women, particularly related to PPO training and capacity building projects, a Gender Integration Plan will be developed prior to the commencement of PPO training activities to ensure gender integration into the INP Activity implementation. Leadership skills, organizational management, business and marketing training will be provided to PPOs to support their effectiveness, and research and innovation grants are available to support the acquisition of equipment to increase the safety and efficiency of PPO preparation to increase economic benefits.

Annex 1: Conditions Precedent for the Agricultural Project of the MCA Namibia Programme

Namibia Programme Implementation Agreement (Execution Version) Schedule 2-1:

PART C. Conditions Precedent for Agriculture Project

1. Land Access and Management Activity

Prior to the first Disbursement, and on an annual basis thereafter (commencing with the first anniversary of such first disbursement), for the Communal Land Support Activity, MCA-Namibia shall provide a certification by the Government (or such other documentary evidence as agreed between MCA-Namibia and MCC) as to the (a) level of staffing then in effect for each Communal Land Board ("CLB") in the northern communal areas ("NCAs") of Namibia, (b) type and amount of vehicles, computers and other equipment available to the CLBs, (c) cumulative amount of financing provided by the Government as of the date of such certification to the CLBs to support monthly meetings of the CLBs. Such certification must evidence that the Government has provided the CLBs in the NCAs with the resources, financial and otherwise, sufficient to: (x) hire and maintain a minimum of two staff people per CLB; (y) equip each CLB with vehicles, computers and other equipment necessary to enable the CLBs to perform their obligations under the Communal Land Reform Act, as per the outcome of the pilot projects and the institutional audit conducted in 2008 by the Namibian Ministry of Lands and Resettlement; and (z) allow the CLBs to meet on a monthly basis.

2. Livestock Support Activity

(a) Prior to each Disbursement for costs related to any works contract for construction activities under the Livestock Support Activity, the appointed supervisor (e.g. engineer, architect, quantity surveyor, project consultant) for such works contract shall attest in writing to MCA Namibia that the provisions of the works contract pertaining to the HIV/AIDS prevention plan

a) are, or will become, contractually binding upon the works contractor;

or, as the case may be,

b) are being complied with by the works contractor.

(b) Prior to the initial Disbursement for any construction expenses under the Livestock Support Activity (excluding expenses related to any contract entered into by the Government (and approved by MCC) for preliminary studies and assessments and/or the final infrastructure design relating to the Livestock Support Activity), the Government shall develop and deliver to MCC a baseline report documenting any incidence of trafficking in persons in Namibia, with a particular focus on any incidence of trafficking in children for child labour, and shall designate a point of contact within the Government to coordinate dialogue and action by relevant government entities with respect to this trafficking.

3. INP Activity

Prior to the initial Disbursement of any amounts under the INP Activity (excluding amounts related to any contract entered into by the Government (and approved by MCC) for an environmental impact assessment of the INP Activity), MCA-Namibia shall provide evidence that:

- a) The Devil's Claw (*Harpagophytum* spp.) "Buy and Sell" permit document has been amended to require information specifically indicating where the Applicant intends to buy the Devil's Claw from; and
- b) The Devil's Claw "Buy and Sell" and "Export" permit documents have been amended to require both a registration process as well as semi-annual reports on detailing geographical origin of Devil's claw material, harvesters providing this material, and actual quantities bought and exported.
- c) The Devil's Claw Buy and Sell" and "Export" permit documents have been amended to require a sustainability training programme for permit applicants that must be completed prior to issuance of said permit. MCC funds, through the Environmental Impact Assessment, can be used to cover the costs of developing this training programme.

Annex 2: Map of Project Localities and Interventions

