



**THE NAMIBIAN HORTICULTURE MARKET SHARE
PROMOTION SCHEME
(MSP)**

RULES AND PROCEDURES

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1. DEFINITIONS AND ABBREVIATIONS

1.1 DEFINITIONS

- **Ad Hoc Amnesty:** The monetary value of local fresh produce that was supposed to be supplied to an importer of fresh produce by the producer/supplier but failed to do so due to unexpected circumstances.
- **Blanket Amnesty:** The difference in actual percentage achieved and minimum percentage given to importers by the authority (NAB) since the national quarterly average actual percentage achieved (MSP) by all importers was less than the minimum threshold percentage.
- **Caterer:** Anyone who buys fresh fruit and vegetables and redistributes same to schools, hostels, or any lodging enterprises.
- **Chilled:** any fresh fruit or vegetable with the temperature reduced to around 0C without the products being frozen.
- **Commercial Use:** Fresh produce imported for trading in Namibia.
- **Cooked:** Refers to fruit and vegetables that are cooked by steaming or boiling in water, either whole or in pieces/cuts.
- **Cut:** any fresh fruit or vegetable that has been physically altered from its original form, but remains in a fresh state.
- **Dried:** any Fresh fruit or vegetable that has been dried or dehydrated, either whole or in pieces/cuts.
- **Frozen:** any fresh fruits or vegetables that have had their temperature reduced and maintained to below their freezing point.
- **Importer:** A person or company that brings horticultural products into Namibia from abroad for sale.
- **Market Share Promotion:** Refers to the Market Share Promotion scheme for horticulture subjected to a minimum percentage of Namibian fresh produce to be purchased locally by an importing trader as defined by the Board from time to time.
- **MSP Assessment Period:** Three months period in which data from such months is used to calculate the quarterly MSP for the next permit period.
- **On-Wholesaler (100%):** A wholesaler based in Namibia, who buys 100% local fresh produce and resells it to other traders to allow one or more of such other traders to treat such purchases as counting 100% Namibian in terms of the MSP.
- **Permit Period:** a period in which a permit is valid to be used for the importation of fresh produce.
- **Preserved:** Refers to fresh fruit and vegetables soaked in brine or vinegar, or other liquids, either whole or in pieces/cuts.
- **Primary Trader:** Any trader who buys fresh fruit and vegetables directly from local producers and resells them to a consumer.
- **Retailer:** Anyone who purchases and resells fresh fruits and vegetables to the public.
- **Secondary Trader:** Any trader who buys fresh fruit and vegetables from a primary trader and resells the same to a consumer.
- **Special Controlled Product:** A gazetted controlled product that has a closed border period for importation during the time of sufficient local availability.
- **Whole:** any fresh fruit or vegetable that has not been altered from its original form.

- **Wholesaler:** Anyone who purchases and resells fresh fruit and vegetables in bulk to any other business or retailer.

1.2 ABBREVIATIONS

- **AMID** – Agricultural Marketing Information Database
- **HACCP** - Hazard Analysis and Critical Control Point
- **MSP** – Market Share Promotion
- **NAB** – Namibian Agronomic Board
- **NHAC** – National Horticulture Advisory Committee
- **SCP** – Special Controlled Product

2. INTRODUCTION

The horticulture industry in Namibia has grown from strength to strength since the establishment of the National Horticulture Development Initiative (NHDI) in September 2002, by the Namibian Agronomic Board. This was realised after fresh fruit and vegetables were gazetted as controlled products under Section 2(a) 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 production and marketing of local fresh produce import substitution, agro-processing, and exportation of local fresh produce. The objective of the NHDI is to stimulate local production of fruit and vegetables to contribute towards:

- Increased National food self-sufficiency
- Increased National food-security
- Import substitution
- Employment creation
- Stimulation of the Economy in general

The NHDI is being 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, before qualifying for an import permit in a given quarter. The MSP % was increased from merely 5% in 2005 and currently stands at 47%. If they do not meet the required percentage they are curtailed in their imports, pro-rata, in the subsequent quarter. This document must be read together with the import, export, and transit rules and regulations for agronomic and horticultural products.

3. PURPOSE OF THE MSP

The purpose of the Namibian Horticulture Market Share Promotion is to promote the local sales of locally produced fresh fruit and vegetables by potentially restricting the direct importation of these products by importers such as wholesalers, catering companies, and retailers.

4. REGISTRATION

4.1 TRADERS' REGISTRATION REQUIREMENTS AND PROCEDURES

- Horticulture traders are required to complete the application form for registration obtained from NAB. The applicant will be required to provide NAB with the following documentation during the registration process:
 - A. Certified copy of company registration or founding statement.
 - B. Certified copy of ID of the applicant (company owners).
 - C. Certified copy of the Certificate of good standing with the Social Security Commission and the Namibian Receiver of revenue.
 - D. Certified copy of a Health or Fitness certificate issued by Municipality or Ministry of Health and Social Services for the facility where fresh fruits and vegetables will be handled. Only applicable in cases where the trade of fresh fruits and vegetables is to be done from a

facility.

E. The facility will be inspected by NAB for compliance with basic Hazard Analysis Critical Control Point (HACCP) principles, based on the NAB checklist. Only applicable in cases where the trade of fresh fruits and vegetables is to be done from a facility.

F. The six (6) months planting agreement signed by both parties i.e. the producer or supplier of 100% Namibian fresh produce.

- In terms of traders who intend to import fresh fruits and vegetables, the applicant is required to pay both the import and selling levies upfront (twice the value of the declared amount to be imported for the first time) i.e. 5% import levy plus 1.4% selling levy, is equals to 6.4% multiplied by 2 is equals to 12.8% levy deposit payable by all first time importers, and from there onwards, levies shall be paid monthly once the monthly returns are submitted to NAB.
- According to Government Gazette No 5645 31 December 2014, all importing traders of controlled horticulture produce are required to pay a 5% import levy and 1.4% selling levy upon issuance of the import permit and an invoice shall be issued by the border official on duty to confirm the receipt of the payment.
- The levies are paid directly to NAB Finance division, and once the levies deposit has been paid, the proof of payment shall be submitted to NAB for the permit to be issued.
- Once the proof of payment has been received by the NAB responsible for the issuance of permits, a restricted import permit shall be issued valid for 1 month only.
- At the end of the permit period issued, the importer shall be re-assessed to determine whether he/ she complied with the MSP requirements, and therefore shall be required to submit all the proof of purchases of 100% Namibian products and imported products during the permit period under review, and only until then shall NAB continue issuing permits to the importer.
- The levies paid in advance (deposited) shall be credited to the importer if the declared import permit value is utilized or refunded if the declared import permit value is not utilized at all or only a portion of the permit value is utilized.
- A first-time importer who does not purchase 100% Namibia fresh produce but rather imported only, would not be issued with a permit for 12 months. This will discourage importing traders who are not enthusiastic about the local horticulture industry development initiative.
- An importer who does not import for a period longer than 3 months shall be required to re-register as an importer and submit all the required documents, pay the 12.8% levies deposit, and in cases where the importer was only trading local fresh produce without importing all the outstanding monthly returns for the entire period must be submitted.
- The importer will also be required to settle any outstanding levies with NAB before an import permit is finally issued again. This specific rule does not only apply to first-time importers but rather to all importers.
- Once given the second permit, the traders/ importers shall be required to submit monthly returns for all purchases (Import, local purchases, as well as declared exports) before the 10th day of each month, in the format acceptable to NAB.
- Based on the monthly returns submitted to the NAB, the trader shall pay a levy of 1.4% on locally produced products based on the purchase price, and 5% on imported products on landed cost. The trader shall collect the producer levy of 1.4% charged on the selling price of the producer's price, and pay it over to the NAB.
- Should the trader choose not to submit the monthly returns, no permits shall be issued until

such time when all the monthly returns are submitted to NAB.

- Quarterly NAB shall calculate how much each registered importer is qualified to import based on a formula stipulated under section one of this document.
- All registered traders shall be strictly required to conduct business in the registered facility only, any new facility must be inspected by NAB for basic Hazardous Critical Control Point (HACCP) standard requirements, before conducting business.

4.2 ANNUAL LICENSING OF HORTICULTURE TRADERS

4.2.1 ISSUANCE OF THE ANNUAL TRADING LICENSE

- i) All new traders are required to meet the existing registration requirements as stipulated in 4.1 of this document, before being issued with the horticulture annual trading license.
- ii) The license shall be valid for twelve (12) months and shall be renewed one (1) month in advance, before the expiry date.
- iii) The license issued to a trader is not transferrable and cannot be sold to another person.
- iv) No fees apply to the issuance of the annual trading license.
- v) Import permits shall only be issued to traders with a valid license and this is to ensure that only licensed traders are allowed to import.
- vi) The license shall only be issued to formal traders, and such traders shall not be allowed to sell horticultural products in the streets.

4.2.2 ANNUAL TRADING LICENSE RENEWAL CONDITIONS

All horticulture traders who are already registered with the NAB shall be required to obtain an annual trading license and must comply with the following:

- (i) Must not have outstanding monthly returns or statutory levies/fees from the previous license period.
- (ii) The facility must pass the basic Hazard Analysis Critical Control Point (HACCP) principles based on the NAB checklist used during the registration of new traders.
- (iii) The traders must have complied with the eye-catching display of Namibian products in stores and adverts.
- (iv) Must furnish the NAB inspector with the latest good standing from the Social Security Commission and the Ministry of Finance.
- (v) Must submit a twelve (12) months growing programme with the Namibian producers, in the format prescribed by NAB.

4.2.3 SPECIFIC PUNITIVE MEASURES FOR NON-COMPLIANCE

Under the Agronomic Industry Act, (Act No. 20 of 1992), Section 10 (1) (p) trading without a valid license will result in the closing down of the facility by the NAB Inspectors, until such time when there is full compliance, and no import permit shall be issued to such traders.

In case of non-compliance to the rules and procedures of the MSP rules and import permit rules, may result in revoking of the trading license for three (3) months or longer, after the third offense, and until

such time when there is full compliance. Products traded in a facility that is not licensed or without a valid trading license shall be confiscated and donated to a charity organization, at the discretion of the NAB.

4.3 HORTICULTURE PRODUCER'S REGISTRATION REQUIREMENT

- Horticulture producers shall comply with the following registration requirements:
 - A. Complete the application for registration as a producer and submit it to NAB designated official.
 - B. Certified copy of ID or company registration/founding statement.
 - C. Must undertake to submit production forecast data for special controlled products and monitored products to the NAB monthly or as required, in a format prescribed by the NAB. Production data may be as well collected by NAB Officials in the field or on-farm.
- Once registered, a producer registration card with a unique registration number shall be issued by the NAB. The registration card will be used for trading purposes, with the registered traders.

5. GENERIC MSP RULES AND PROCEDURES

5.1 BASIS OF RESTRICTION ON IMPORTS

- All importers are obliged to source a certain minimum percentage of their purchases from local producers of fresh fruits and vegetables. Both the mixed fruit and vegetable import permit and the special import permit issued for special controlled products form part of the horticulture import restriction.
- The mixed fruit and vegetable import permit for all controlled products are issued separately from the special controlled products, which require a special import permit.

5.2 MINIMUM PERCENTAGE TO BE SOURCED LOCALLY

- The minimum MSP percentage that importers are obliged to source from local producers is determined by the NHAC and recommended to the NAB board for approval/ endorsement.

5.3 BASIS FOR DETERMINING THE MSP

The NHAC shall revise, and if necessary adjust, the minimum MSP every quarter based on the following:

- MSP threshold must be determined based on the 6 months forecasted Primary MSP i.e. Estimated imports based on historical data for the corresponding year, same period, and the Estimated Local production for the domestic formal market.
- The forecasted primary MSP will be presented at each NHAC meeting to determine the MSP for the next quarter.
- Should the forecasted Primary MSP point to a decrease in the MSP threshold for that particular period due to low production, the MSP threshold will remain unchanged since the Secondary MSP is in place assist traders to achieve their MSP during that particular period.
- The 6 months production forecast data to be used to determine the MSP threshold must base on data collected by officers in the field to improve accuracy and the analysis of the data takes into consideration the 10% margin of error as a result of a possible overestimation of yield and

post-harvest losses, ultimately increasing the accuracy of the production forecast data.

- The forecasted 6 months shortage in local production for specific products must be communicated to the producers on time to enable producers to fill such gaps.
- For the forecasted Primary MSP to be more accurate, traders are required to only buy horticultural products from producers who are registered as it is a statutory requirement in terms of the Agronomic Industry Act 20 of 1992 section 10 (1), (J). Any purchasing of horticultural products from producers who are not registered with the NAB will not form part of the MSP.
- Fresh fruit and vegetables purchased from producers who are not registered will not be counted for MSP purposes.

5.4 BASIC UNIT FOR CALCULATION OF MINIMUM PERCENTAGE

- The monetary value expressed in Namibian dollars is the basic unit to be used in any calculation of the minimum percentage required by importers.

5.5 THE FORMULA FOR CALCULATING PERMISSIBLE IMPORT VALUE

- Actual achieved percentage = Total actual achieved value divided by Turnover value.
- Maximum Value of Produce to be imported = y divided by z multiplied by t, In which-

Y, represent actual achieved percentage;

Z, represent minimum percentage factor; and

T, represent total import value in a quarter

- The calculation for permissible import value includes the value of adhoc amnesty, blanket amnesty, and previous credits. Under points 3.12 and 3.13 of this document we discuss the Adhoc and Blanket amnesties. Local purchases shall include locally purchased Namibia fresh produce meant for the both domestic and export market and shall be reported separately on the monthly returns as export to prevent the distortion of the domestic demand figures.

5.6 COMMODITIES UNDER THIS SCHEME

- All fresh fruit and vegetables listed as controlled products in Government Gazette No 5645, dated 31 December 2014 as amended, are all subject to the Market Share Promotion Scheme.

5.7 MSP ASSESSMENT PERIOD AND SUBMISSION OF RETURNS

- The data used to calculate the quarterly permissible imports will always be calculated over a fixed three months or Quarterly **MS Assessment Periods** i.e. **Quarter 1** (December, January, February), **Quarter 2** (March, April, May), **Quarter 3** (June, July, August), **Quarter 4** (September, October, November) to qualify for the next permit period.
- The minimum MSP as decided by the NHAC will be communicated to all importing traders no later than two weeks before the commencement of the permit period. The affixed **Permit Period** shall include the following: **Quarter 1** (January, February, and March), **Quarter 2** (April, May, and June), **Quarter 3** (July, August, and September), and **Quarter 4** (October, November, and December).

- To calculate the minimum MSP, all monthly returns of imports, local purchases, and export by traders shall be submitted to NAB before the 10th day of each month and no permit shall be issued until such time when all the outstanding monthly returns are submitted. A monthly return form must be completed and submitted with all the supporting documents i.e. copies of invoices as proof of purchases.
- NAB will officially inform every importer of their actual MSP achieved and permissible import for the next permit period latest by the 20th day of each month following the beginning of the new permit period (quarter).
- It is important to note that exports also count towards the MSP provided it is reported as such on the monthly returns as opposed to local purchases meant for the domestic market. All proof of export i.e. invoices must be attached to the monthly return form. The monthly return form is in a spreadsheet excel format that enables easy calculation of the MSP achieved.

5.8 TERMS AND CONDITIONS FOR MSP IMPORT PERMIT

- The import permit for horticulture shall only be issued to registered importing traders.
- The importing trader must undertake to submit all the monthly returns to NAB in the format acceptable before the 10th day of each month, and should always make sure that his/ her levy account is in good standing with NAB Finance Division.
- If the holder of the Permit has procured in Namibia such locally grown horticulture products equal to or more than the minimum percentage factor referred to in 3.6, calculated for three months, such holder shall be entitled to an unlimited Permit for the subsequent quarter.
- If the holder of a permit failed to procure in Namibia such locally grown horticulture products equal to at least such minimum percentage factor, calculated for three months, a permit issued in respect of subsequent quarter shall be limited to a pro-rata maximum as determined under point 3.5 of this document.
- Importers have to ensure that they purchase the minimum percentage described in point 3.6 below of their fresh produce (fruits and vegetables) turnover locally calculated for three months.
- Should an importer purchase some of their fresh fruits and vegetables from other unregistered wholesalers, who also import fresh fruit and vegetables, only the percentage of local sourcing of the latter will be proportionally credited to the purchasing importer (for more information, please read point 3.16 of this document).
- In the event of non-compliance with the minimum requirements, the importer will be penalized as described further on. Importers who get a restricted or limited permit and wish to increase their permissible import value during that current quarter shall be required to complete a three-month local purchases commitment plan that is subject to review at the end of the three months.
- Should the importer fail to honour the commitment plan at the end of three months, no extra import value shall be allocated to such importers unless such non-compliance is justified by Adhoc amnesties that should be submitted to NAB in line with the Adhoc Amnesty rules discussed under point 3.12 of this document.
- Traders must undertake to only buy from producers who are registered with the NAB, and any purchases from unregistered producers will not be part of the MSP.

5.9 POOLING OF THE INFORMATION

- Voluntary pooling of information by groups of importers who are also retailers will be allowed. This will allow retailers to achieve the minimum percentage for local purchases.

5.10 RESPONSIBILITIES OF PERMIT HOLDERS

- All permit holders are obliged to keep records of all purchases of fruits and vegetables during the MSP permit period, separating purchases of locally produced products from produce imported.
- These records will at least indicate the monetary value of the purchases and should be substantiated by product name, quantity/ weight, invoice date, invoice number, and/ or names of supplier and consignee. Copies of these records should be provided monthly to NAB by the latest the tenth of the subsequent month.

5.11 ADHOC AMNESTY

- Adhoc amnesty is issued to importers who had entered into written supply agreements (growing program) with producers but failed to procure due to unexpected circumstances such as heat, cold, diseases, insect infestation, etc.
- The Adhoc Amnesty value will be included in the calculation of the individual MSP, as part of local purchases to allow the individual importer to boost their permissible import value in the next quarter.
- All Adhoc amnesty applications must be submitted together with a signed copy of the written supply agreement/ growing program as proof of the agreement that existed between the trader and the producer. No verbal agreement shall be accepted for Adhoc amnesty.
- If a producer fails to supply the agreed product quality, the trader may apply for Adhoc amnesty provided that the product quality requirements are stipulated in the signed supply agreement/ growing program.
- The supply agreement growing program must be signed by both parties before planting, as no overnight supply agreement/ growing program shall be approved.
- The importer will be required to provide the producer with who he had a supply agreement, with verification of the non-supply form, which is to be completed by the producer himself herself and give it back to the trader, upon which the trader will complete the Ad-hoc Amnesty application form, and attach the verification of non-supply completed by the producer/supplier. (Forms can be obtained from the NAB office).
- The respective non-supplied produce must each be mentioned with quantity, approximate value, and date of such non-supply, in the verification of non-supply from the producer.
- On the verification of the non-supply form, the producer should state the reasons for non-supply.
- It is required that the trader applies for ad-hoc amnesty as it happens rather than to wait for the beginning of a new quarter, at least within 14 days maximum, when it can still be verified on the farm by NAB officers.
- If the application for ad hoc amnesty is approved by NAB, it shall be credited to the importer's local value as part of the quarterly MSP calculation and thus increasing the

import value of a given importing trader.

- Should the producer, for unfair reasons, refuse to give/sign the verification of non-supply, the trader is required to inform the NAB without delay.

5.12 BLANKET AMNESTY

- Should the quarterly national MSP be less than the threshold, a blanket amnesty of the difference will be granted automatically to all importing traders.
- The purpose of the blanket amnesty is to generally assist importing traders who found it difficult to source local, due to other reasons associated with unforeseen circumstances, to continue with their business of selling fresh fruits and vegetables without any obstruction.
- Blanket amnesty allows importers to increase their permissible import value for a given quarter based on the average national MSP achieved.
- Traders who submit their monthly returns after the finalisation of the minimum percentage (MSP) calculation before the beginning of the new quarter will not qualify for Blanket Amnesty, should there be any.

6. CONDITIONS UNDER WHICH TRADER TO TRADER SALES OF NAMIBIAN FRESH PRODUCE MAY ACCOUNT FOR 10% OF MSP

6.1 INTRODUCTION

- All importers are required to achieve the minimum percentage of their local purchases as prescribed in this document. However, the reality is that the production of certain crops is not 'evenly distributed throughout the country, which poses procurement challenges to importing retailers in remote areas such as Lüderitz, Karasburg, Keetmanshoop, Katima Mulilo, Gobabis, Swakopmund, Walvis Bay, Oshikango, etc. who finds it difficult to adhere to this requirement since it is not stipulated that the producers should ensure that their fresh produce will be accessible and available at affordable prices and acceptable quality to the traders.
- It becomes imperative that exceptions about the above cases are implemented. Therefore, for this purpose, the amount bought by the secondary trader is multiplied by the percentage that the primary trader attained in the previous month, counted as apportioned local purchase.
- To stimulate horticulture production in Namibia and to promote local sales of locally produced fresh fruit and vegetables by encouraging importers such as wholesalers, retailers, and catering companies to source locally, 100% wholesalers of Namibian fresh produce shall adhere to these requirements.

6.2 OBJECTIVE

- The objective of this requirement is to enable primary traders to declare that other secondary traders have bought 100% local produce from them, in their quest to boost their local procurement percentage.

6.3 THE CONDITIONS

- Selling traders who want to be part of this arrangement would have to apply and get approval from the NAB. In their application will declare their undertaking and pledge commitment to the process. The purchasing of products from primary traders would be counted only once.
- This means that if a secondary trader declares to have bought 100% local produce from the primary trader, they cannot sell the same products to other traders as 100% local produce.

6.4 THE ON-WHOLESALER (100% NAMIBIAN PRODUCT)

- Must have been a wholesaler for at least 12 months period, and must have achieved the MSP minimum percentage, including credits and amnesty, for at least the past 12 months.
- Must apply in writing to the NAB and must get approval in writing, before the sold product can be counted as 100% Namibian.
- Must undertake not to buy any 100% rated produce, i.e. she cannot do both wholesaling and purchase other 100% rated produce. From this follows that any Namibian produce can only be 'on wholesale once.
- Must undertake, in cases when she sells both 100% Namibian and imported fresh produce to the same trader, to issue separate invoices.
- The invoice for imported fresh produce must then be marked "100% imported".

6.5 THE PROCESS

- The Primary Traders would write out invoices for such transactions, and file them accordingly.
- Those invoices would have to be forwarded together with the regular monthly returns by the latest the tenth of the subsequent month, as is the normal procedure.
- This would mean that if a certain trader has bought only 100% local produce from another trader, the purchase will be recorded as local as opposed to apportioned purchase whereby the amount bought by the retailer will be multiplied by the percentage that the primary trader attained in the previous month. This would allow the secondary trader to boost up his local percentage.
- Such invoices will be scrutinized by NAB through spot checks, to ensure that the invoices issued are in line with what the primary trader has procured from the producers.

6.6 MEASURES

- Any irregularity would result in revoking such an arrangement (between the traders and NAB, and the local percentage granted to the secondary trader would be based only on the local percentage attained by a primary trader in the previous month.

6.7 LEVIES

- No levies are payable on such secondary sales because the levy would have been paid already by the primary purchaser.

7. EYE-CATCHING DISPLAY OF NAMIBIAN FRESH PRODUCE IN STORES

- The eye-catching display is a resolution of the Namibian Agronomic Board which requires all traders of fresh fruits and vegetables to display all Namibian produced fresh fruit and vegetables on their shelves especially for loose sale, for consumers to identify them as Namibian products when buying.
- The packaged Namibian product or fresh produce which are already labelled “Product of Namibia” doesn’t need to be identified with a poster as Namibian products, since they are already labelled as such on the packaging.
- Traders who do not comply with this requirement will have their import permits withdrawn or not issued to them.
- The trader may use any labels, logo, or brand names of his/ her choice, as long as he/ she is permitted to use such specific logo, label, or brand name by the owners.

8. SPECIAL CONTROLLED PRODUCTS SCHEME

8.1 INTRODUCTION

- All special controlled products (as determined by the NAB) are subject to a close border period or import restriction when these products are locally available from producers both in terms of quality and quantity. The production of the special controlled products is monitored by NAB to inform the decision to either close the border for importation or not and is communicated to all traders monthly via email.
- The special import permit is issued for the products listed in table 1 monthly, separate from the mixed fruits and vegetable import permit.

8.2 DESCRIPTION

- These rules and procedures are relevant for the application of Special Controlled Products Import Permits. The mixed fruit & vegetables, as well as special controlled products, forms part of the MSP rules.

8.3 SPECIAL CONTROLLED PRODUCTS IMPORT PERMIT CONDITIONS

- If there is insufficient supply of the specific Namibian produced product, based on the NAB production forecast report, importers can request NAB to issue Special Controlled Products Import Permits to procure such quality and quantity of Special Controlled Product which is not available locally.
- In months where the local supply of Special Controlled Product is predicted to be less than the estimates for that period, the Special Controlled Products Import Permit will be issued based on a pro-rata calculation.
- All producers are obliged to supply NAB with production information related to the production of the special controlled products monthly for the production forecast report.
- Producers, who have not declared their exports shall not be issued with an export permit during the time of insufficient local supply of the specific special controlled products.
- NAB undertakes to monitor the production of all the special controlled products to manage close and open border periods.
- During the time of sufficient local supply, the border will be closed for the importation of

such special controlled products.

- NAB will notify all the importers in writing before the border is closed for importation and such communication must be accompanied by the production forecast report for the special controlled products.
- For the general MSP, NAB undertakes to collect production data for the top monitored crops, apart from the special controlled products, and release production forecast reports monthly.
- When issuing a Special Controlled Products Import Permit to a trader, such trader’s historical purchases and increase in demand will be considered together with the estimated and available locally produced produce. As the basis for calculation of the Special Controlled Products Import Permits, the historical use for the equivalent time during the preceding year plus estimated growth, less the locally available produce plus 10 percent. E.g. Historical demand in kg + the trader’s growth estimate in kg predicted available local produce in kg = value in kg of import permit plus 10 %.
- When there is a shortage of specific types of Namibian-produced Special Controlled Products due to unforeseen circumstances, normal Ad-hoc Amnesty rules apply.
- Actual quantities and values are captured on the Agricultural Marketing Information Database (AMID) from supplier invoices. The name of the product, tonnage/kg, grade, size, and value of a product should be visible on the invoices.
- The original invoice should be attached, and the exclusion must be listed for example as “Zebra Butternuts” not just butternuts, or “Red Cabbage” not just cabbage.

8.4 INCLUSIONS \ EXCLUSIONS

The following products are excluded from this scheme, and the importation of these exclusions listed below can be imported through the Mixed Fruits and Vegetable Import Permit.

List of special controlled products: inclusions and exclusions

INCLUSIONS: (Products Not allowed to be imported, only during the open border period) and only imported using the special import permit during the open border period.

EXCLUSIONS: (Products allowed to be imported with no restriction), and are imported using the mixed fruits and vegetable import permit.

Table 1: Special controlled products, inclusions, and exclusions.

Special Controlled Product	INCLUSIONS	EXCLUSIONS
Beetroot	All types, size groups, and container sizes of fresh, chilled, Whole or Cut red-fleshed Beetroot, except the “Exclusions”.	Yellow, white, and golden fleshed Beetroot. All frozen, dried, cooked and preserved beetroot (Whole or Cut). Including Juice/Jam
Butternut	All types, size groups, and container sizes of fresh, chilled, Whole, or Cut Butternut, except the “Exclusions”.	Zebra Butternut and Baby Butternut. All frozen, dried, cooked, and preserved Butternuts (Whole or Cut).

Cabbage	All types, size groups, and container sizes of fresh, chilled, Whole, or Cut Green Cabbage, except the “Exclusions”.	Chinese cabbage, Baby Green Cabbage, Baby Red Cabbage, Mixed Baby Red & Green Cabbage, Large red cabbage, Savoy Cabbage. All frozen, dried, cooked and preserved Cabbage (Whole or Cut).
Carrot	All types, size groups, and container sizes of fresh, chilled, Whole or Cut orange-fleshed Carrots, except the “Exclusions”.	Red, Purple, White, Black, and Yellow Fleshed Carrots. All frozen, dried, cooked, and preserved carrots (Whole or Cut). Including Juice Jam
Colour Bell Pepper	All types, grades, size groups, and container sizes of fresh, chilled, Whole or Cut Colour Bell Peppers (red and yellow) Single line or Robot peppers, except the “Exclusions”.	All Orange, Brown, Black, Purple, White Bell Peppers Fresh, Chilled, Whole, or Cut. All frozen, dried, cooked, and preserved Colour Bell Peppers.
English Cucumber	All types, size groups, and container sizes of fresh, chilled, Whole, or Cut English Cucumber, except the “Exclusions”.	Preserved English Cucumber, and other types of cucumbers. All frozen, dried, cooked, and preserved English Cucumber (Whole or Cut).
Green Pepper	All types, size groups, and container sizes of fresh, chilled, Whole, or Cut Green Pepper, except the “Exclusions”.	All frozen, dried, cooked, and preserved Green Pepper (Whole or Cut).
Gem Squash	All types, size groups, and container sizes of fresh, chilled, Whole or Cut Gem Squash, except the “Exclusions”.	All frozen, dried, cooked, and preserved Gem Squash (Whole or Cut).
Lettuce	All types, grades, size groups, and container sizes of fresh, chilled, Whole or Cut light green/green Iceberg Lettuce as called Head Lettuce, except the “Exclusions”.	All Butterhead, Leafy, or Stem types of Lettuce of any colour. All frozen, dried, cooked, and preserved Lettuce (Whole or Cut) of any colour and shape.
Onion	All types, size groups, and container sizes of fresh, chilled, Whole or Cut Onion, except the “Exclusions”.	White Salad Onions, Spring Onions, Red Onions. All frozen, dried, cooked, and preserved Onions (Whole or Cut).
Potato	All types, size groups, and container sizes of fresh, chilled, Whole or Cut Potato Irish, except the “Exclusions”.	Washed white “loose sell” and or “pre-pack” types of potato; Washed baby potato. Red fleshed potatoes. All frozen, dried, cooked, and preserved Irish Potato (Whole or Cut).
Pumpkin	All types, size groups, and container sizes of fresh, chilled, Whole or Cut Pumpkin, except the “Exclusions”.	All frozen, dried, cooked, and preserved Pumpkin. All decorative types of Pumpkin.
Spinach	All types, grades, size groups, and container sizes of fresh, chilled, Whole or Cut Spinach except the “Exclusions”.	Baby Spinach, coloured spinach, and all frozen and processed Spinach such as dried, cooked, and preserved spinach.
Sweet Potato	All types, size groups, and container sizes of fresh, chilled, Whole or Cut Sweet Potato, except the “Exclusions”.	Yellow/Cream fleshed Sweet potato (Zambian type), Purple Sweet Potato. All frozen, dried, cooked, and preserved Sweet Potato (Whole or Cut).

Sweet Melon	All types, size groups, and container sizes of fresh, chilled, Whole or Cut Sweet Melon, except the “Exclusions”.	All Sweet melon Juices and Jam.
Sweetcorn	All types, grades, size groups, and container sizes of fresh, chilled, Whole or Cut red-fleshed Yellow Sweetcorn, except the “Exclusions”.	White and Mixed Colour Sweetcorn. All frozen, dried, cooked and preserved Sweetcorn (Whole or Cut) of any colour.
Tomato	- All types, size groups, and container sizes of fresh, chilled, Whole or Cut Tomato (Round and Jam Tomato), except the “Exclusions”.	-All Small size-types of tomatoes, i.e. Cherry, Cocktail, Bacio, Romanita, Rigoletto, Medley mix, etc. All colours or shapes. All frozen, cooked, preserved, and dried tomatoes (Whole or Cut). Including Juice Jam Sauce Paste.
Watermelon	All types, size groups, and container sizes of fresh, chilled, Whole or Cut Watermelon, except the “Exclusions”.	All Watermelon Juices and Jam.

9. PRO-RATA BORDER CLOSURE BASED ON ONE OR TWO PRODUCERS

For the border to be closed for one or two producers having the same products, the following measures shall apply:

- There must be sufficient volumes of the product to cater to both the formal and informal market demand across the country during the entire close border periods. Such estimated volumes of the specific product must be accurate and ready to be delivered to the market.
- The producers must ensure that there are logistics in place to supply such products across the country, however, this must be coordinated by both producers and traders, including other distributors and AMTA Hubs. In cases where a producer fails to make logistical arrangements for the products to be delivered to the market, the NAB will consider opening the border for imports as a last resort.
- The products must be priced fairly by such producers. To avoid the pricing of products when one or two producers are having the same product during the close border period, traders should notify the NAB immediately. The NAB will investigate complaints of overpricing by producers by looking at the past five (5) year average producers’ price of the same product for the corresponding period to determine whether such price is outside the norm. The average production cost price and the weekly price monitoring reports will also be taken into consideration during the investigation and decision-making process.
- Should the producer’s price be found to be outside the norm of fair pricing, the NAB will first engage the concerned producer/s to reduce the price and if the producer/s fails to adhere, importers shall be allowed to import such a product for the benefit of the end consumer on the principles of pro-rata imports.

10. RULES REGARDING TRADING PRODUCERS AND PRODUCING TRADERS IN THE IMPLEMENTATION OF THE CLOSE BORDER PERIODS FOR SPECIAL CONTROLLED PRODUCTS

- The expected production tonnage of the specific special controlled products from such trading producers or producing traders shall not form part of the decision-making for the closing of the border for the importation of such products.
- However, the tonnage of special controlled products specifically produced for other traders based on an existing growing program shall be taken into consideration when deciding on the close border period, provided there is a written growing program submitted to the NAB before the closure of the border for the importation of the special controlled product concerned.
- When completing the expected production data collection forms, both the trading producer and producing trader shall separate the tonnage of the special controlled products produced specifically for their trading out of the tonnage meant to be supplied to other traders in fulfillment of the growing program.
- These rules only apply to trading producers and producing traders' scenarios, whereby one or more of the directors of the producing entity is also part of the registered trading or producing entity.

11. INCENTIVES AND REWARDS

11.1 MSP INCENTIVES

- Permit holders can collect “credits” during a permit period to be utilized during a future permit period. Only credits collected during the foregoing twelve months will be valid.
- Credits imply percentage points over and above the set minimum percentage of purchases locally bought.
- To encourage exports, the committee also recommended that an export incentive of 1.25 of the total value of the horticultural products exported by traders should be introduced to encourage export traders, and such exports will contribute to the secondary MSP, as is currently the case.

11.2 REWARDS

- Both horticulture traders and producers shall be rewarded during the National Horticulture Day (NHD), an event to be held each year by the NAB.
- The National Horticulture Day shall be rotated between the winning horticulture producer categories and the event shall be hosted in the production area of the winning producer and traders shall also be rewarded during the same event.
- Prizes may be in monetary value or a certificate for winners, while runners-up may be awarded a certificate only based on the availability of funds.

11.3 HORTICULTURE IMPORTING TRADERS

- The MSP% performance of all active importing traders shall be evaluated at the end of each financial year based on different categories as below. The winners and runners-up shall be awarded during the National Horticulture Day which is normally held in September each year.
- The evaluation shall be based on a financial year i.e. April to March each year.
- Traders shall be classified into five different categories, according to the annual turnover

in monetary value:

- A. **Small category** = Less than or equals N\$2,000,000.
- B. **Medium category** = Greater than N\$2,000 000 less than or equals to N\$8 000 000.
- C. **Large category** = Greater than N\$8 000 000 but less than or equals N\$14 000 000.
- D. **Very Large category** = Greater than N\$14 000 000 but less than or equals to N\$25 000 000.
- E. **Mega category** = Greater than or equals to N\$25 000 000.

- **The evaluation and selection of winners and runner ups shall be done by NAB by June each year, based on the criteria outlined or requirements outlined below:**
 - Must be registered as an importing trader with the NAB.
 - Must be importing and purchasing locally produced fresh produce.
 - Must score the highest MSP % (Adhoc amnesty + credits inclusive) in a financial year, to qualify as a winner or second-highest to qualify as a runner up in that applicable category.
 - Must be in good standing with NAB Finance Division in terms of the statutory levies of not more than 30 days' account age.
 - Must not have any fine or case related to smuggling of imported products or failure to comply with MSP/ Permit rules.
 - Must undertake to submit monthly returns on time and in a format provided by NAB.
 - Must actively participate in horticulture area committees of traders.

11.4 HORTICULTURE PRODUCER

- The winning and runner-up producers from each category shall be evaluated, selected, and awarded during the National Horticulture Day. Each horticulture area committee shall nominate at least two producers to compete in one of the following categories:
 - A. **Small scale Emerging horticulture producer** = 0.5 ha to 5ha
 - B. **Medium-scale horticulture producer** = 5ha to 30ha
 - C. **Large scale horticulture producer** = 30ha and above
- Each Horticulture Producer Area Committee shall nominate members to participate in the different categories of the competition. A checklist will be used to evaluate the nominated producers from each category, and the checklist shall include questions related to production, marketing, general farm management, and involvement in societal activities.
- The evaluation scale will be as follows: 5 – Excellent; 4 – Very good; 3 – Good; 2 – Satisfactory; 1 – Poor based on the checklist. The evaluation team shall be composed of representatives from different stakeholders within the horticulture industry.
- **The evaluation of the nominees shall always take place in June each year. The Winner and runner up from each category shall be selected by the evaluation team based on the outcome of the field visits and the reward requirements below:**
 - Must be registered as a producer of horticultural products.
 - Must actively participate in horticulture area committees of producers.
 - Must be in good standing with NAB Finance Division in terms of the statutory levies,

with accounts not older than 30 days.

- Must submit the expected production to NAB regularly or as requested.
- Nominees shall be selected by the horticulture area committee member in the respective horticulture production areas.
- Nominees shall also be evaluated or assessed by a team of experts based on a checklist of general crop production, marketing, and general farm management, as well as participation in community activities.

12. OFFENCES AND PENALTIES

12.1 MEASURES REGARDING TRANSGRESSION

12.1.1 Any person violating the MSP regulations shall be penalised in line with the nature of the offense and the validity period of the penalty, as outlined in table 1.

12.1.2 The warning shall indicate the nature of the offense, applicable penalty, implications if further offenses are committed by the offender, and validity of the penalty. The offender shall sign the warning acknowledging receipt there-off.

12.1.3 The first written warning shall be valid for three (3) months, and this is in case of a minor offense.

12.1.4 The second written warning shall be valid for six (6) months, and this is in case of a serious offense. In terms of Major offenses, the Board has the right to blacklist/ suspend the registration of any person violating these regulations until there is compliance or for a period not exceeding twelve (12) months.

12.1.5 All warnings, suspension, and blacklist notices shall be signed off by the NAB CEO.

12.1.6 All offenses shall first be investigated by the NAB before the issuance of any penalty and the investigation report shall be used by the NAB as evidence, should there be a dispute.

Table 1: Offenses and penalties schedule.

Nature of Offense	Penalty (Minor Offense)	Penalty (Serious Offense)	Penalty (Major Offense)
1. Offenses and penalties related to registration or licensing			
a. Falsifying or forging registration documents			Reject registration application/ Documents and blacklist the applicant, and report to the police

b. Providing false information relating to production, processing, storage, and marketing of controlled products.		Final written warning, and request for corrective action.	Suspend registration, and/ or blacklist the client.
c. Production and Trading of horticultural products without a valid NAB license or certificate/ card of registration.		Final written warning plus obtain a license/ certificate/ card within the prescribed time frame.	Suspend operations until such time when there is compliance, and where applicable confiscate the product.
2. Offenses and penalties related to submission of specified information or returns			
a. Failure to provide the NAB with specified information or returns in a specified manner and at the specified time.	First written warning	Final written warning and in case of importing traders suspend Import permits until there is compliance	Suspend registration for a specified period, or until such time when there is compliance.
b. Falsification of information related to returns/ invoices submitted to the NAB.			Suspend registration for a specified period, or until such time when there is compliance.
3. Offenses and penalties related to interfering with the operations of the NAB official			
a. Obstructing, hindering, or delaying a NAB official from performing his/ her duties in terms of the MSP rules and procedures.	First written warning	Final written warning	Suspend registration
b. Refusing to answer any duty-related questions from the NAB official, without any reasonable cause.	First written warning	Final written warning	Suspend registration
c. Removing, tampering, destroying, or making an alteration to anything seized by the NAB official in the exercise of his or her powers in terms of the MSP rules and procedures.		Final written warning	Suspend registration
4. Offenses and penalties related to levies/ fees			
a. Outstanding levies/ fees over 60 days plus.	Over 60 days in arrear with levies/ fees: Issue First Written Warning and Suspend import permits until such time when there is compliance.	Over 60 days in arrear with levies/ fees: Issue a Final Written Warning and Suspend import permits until such time when there is compliance	Over 120 days plus in arrear: Suspend registration and handover to the lawyers.

b. Submitting forged proof of payment			Suspend license or registration, blacklist, and report to the police
5. Offenses and penalties related to growing programs/ supply agreements between producers and traders			
a. Deliberate non-compliance to several growing programs or supply agreements for the same product, and in the same period.	First written warning, after thorough investigation.	Final written warning after thorough investigation.	Suspend registration, after thorough investigation.

13. APPEAL PROCEDURES

The purpose of this section is to ensure that appeals submitted to the Board in respect are dealt with efficiently and effectively. The following procedure shall apply:

13.1 APPEAL PROCEDURES TO THE BOARD:

- Should the offender refuse to sign either the first, second or third written warnings, this does not warrant any of these written warnings invalid but is subject to a formal appeal process.
- The offender may appeal to the Board chairperson in writing against any of the written warnings within five (5) working days from the date of issuance of such written warnings.
- The Board may convene an arbitral panel of three (3) adjudicators to resolve a dispute by way of arbitration.
- If the offender refused to sign the warning and also fails to appeal within the specified time frame, the Board shall execute its powers (1) to cancel all existing import permits issued to the offender; and (2) to refuse the issuance of new import permits to the offender until such time that the warning letter is signed in terms of Sections 10(n)(i) and (p)(i) of the Agronomic Industry Act, (Act 20 of 1992).

13.2 APPEAL AGAINST THE DECISION OF THE BOARD:

Subject to Section 11 of the Agronomic Industry Act, (Act of 1992) where under this Act a decision of the Board is subjected to a right of appeal to the Minister, the person aggrieved by the decision may within fourteen (14) days after notification of the decision, appeal with the Minister, who may confirm, vary or set aside the decision as he or she deems fit.