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Mahangu Marketing Agreement: 2022

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NB: This marketing agreement shall be phased out once the nab grain marketing regulation is approved for implementation

Resolution NAB Board: 3-2020/P11/18

AGREEMENT

Regarding mahangu marketing mechanism and reference price formula for the 2022 season

made and entered into by the

Namibian National Farmers Union (NNFU)
herein represented by its president
Mr Jason Emvula

and the

Namibia Mahangu Processors Association (NMPA)
herein represented by its chairperson
Ms Mary Shikukutu

Handwritten signatures and initials:
J.J.E
M.M.

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1. OVERALL PRINCIPLES

This Agreement is made between organised mahangu (pearl millet) producers and organised mahangu millers to safeguard an orderly marketing environment in order to stimulate additional production and marketing of mahangu.

2. MARKETING PRINCIPLES

- 2.1. During the main mahangu harvesting period no import permits for mahangu will be issued by the Namibian Agronomic Board.
- 2.2. This period shall commence on the 1st of June every year, depending on local availability and shall last until such time when all the locally produced marketable mahangu grain has been taken up by millers and the National Strategic Food Reserves (NSFR) silos, normally during October of every year.
- 2.3. If GRN announces drought emergency, import permits for mahangu during the mahangu marketing period may be issued by the Namibian Agronomic Board.
- 2.4. Only clean first and second-grade mahangu, harvested during this period every year, shall fall under this Agreement. Old or feed grade mahangu may be sold to a willing buyer at a mutually agreed price.

3. PRICE PRINCIPLES

- 3.1. There shall be a floor price applicable to mahangu marketed under this agreement.
- 3.2. This floor price is based on an agreed formula (basket of inputs) of commercial production costs as per the attached **ANNEX** that is monitored and adjusted by the NAB annually on 1st October with an inflation factor based on the increase (decrease) of costs of these agreed inputs during the past 12 months.
- 3.3. For mahangu sold during 2022, subject to (2) above, the floor price will be **N\$6.33 per kg**. This is based on a production cost of **N\$6 333/ton** for mahangu and an agreed average marketable harvest of 1 ton/ha for mahangu.
- 3.4. For second-grade mahangu, 6% of the floor price may be deducted, and 12% for third grade.
- 3.5. This floor price shall be a mill door, ADCs, collection centres and silo door price, i.e. the producer has to pay for the cost of transport to these respective doors. Where the purchaser provides such transport, an appropriate deduction from the floor price may be agreed on.
- 3.6. In addition to mill-door prices, millers and producers have an option to agree on a farm-gate price. The farm-gate price will reflect a realistic and mutually agreed transport price from the specific farm-gate to the buying mill-door to be subtracted from the reference price.
- 3.7. The above, being a floor price, only constitutes the minimum to be paid. A miller may offer a producer more to secure a supply of mahangu.
- 3.8. The marketing of the mahangu grain must be executed or implemented within the parameters of this signed agreement.

MMH F.W. J.J.E

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4. NAB Statutory Levies

4.1. Levies are calculated and administered as follows:

4.1.1. The **producer levy** of 1,4% (domestic) on the respective floor price of the year (**N\$6 333/ton** for the 2022 season) will be calculated throughout the year.

4.1.2. The **processors' levy** of 1.4%:

4.1.2.1. On domestic purchases, calculated on the floor price of **N\$6 333/ton**;

4.1.2.2. On imported mahangu, the calculation is based on the floor price plus official transport to the respective mill, (unless otherwise proven by the processor).

5. PRODUCER PRINCIPLES

5.1. Producers must register with the NAB not later than May each year of hectares to be planted and tonnage estimated to be harvested and marketed as from 01 June each year.

5.2. The producer must:

- Deliver with minimum impurities and with no insects as per the existing mahangu grading regulations (as stipulated in the regulations relating to Grading Standards for Whole and Decorticated Pearl Millet No 89 of 2000).
- Deliver the current year's yield harvested after 01 June.
- Not expect millers to accept feed grade grains.

5.3. Use standard 50 kg bags of good condition and free from holes (as stipulated in the regulations relating to Grading & Classification of Maize No 71 of 1994).

6. PROCESSOR PRINCIPLES

6.1. Millers agree to fully disclose to the NAB, before the closed-border period, all volumes of mahangu in their possession.

6.2. Millers agree to purchase at least their fair share of the total domestic surplus mahangu harvest offered to them at the agreed mahangu floor price.

6.3. Mahangu purchased from producers shall be paid on delivery or within 14 days after delivery, as it may be agreed by both two parties.

6.4. Where producers deliver mahangu in bags, millers are obliged to:

6.4.1. Accept standard 50 kg bags of good condition and free from holes (as stipulated in the regulations relating to Grading & Classification of Maize No 71 of 1994).

6.4.2. Or pay producers for the standard 50 kg as specified above (6.4.1) if the millers wish to keep (or give other bags instead).

6.4.3. Secondhand bags will be valued at 40% of new bag prices.

6.5. All domestic producer levies shall be deducted from the producer by the miller and paid over to the NAB.

6.6. If a miller store mahangu with the purpose to mill throughout the main harvesting period and refuses to buy available mahangu offered to be sold at the price as per the agreement, then such miller will not get an import permit in the subsequent year.

MMH FN J.J.E

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- 6.7. It is illegal for a miller to purchase illegally imported grain or grain from individuals who did not register with the NAB.
- 6.8. Millers, in their dealings with producers or other millers, shall at all times work within the provisions of the Competition Act (2004).

7. NAB RESPONSIBILITIES

- 7.1. The inputs costs will be calculated at the beginning of each planting season (1st October)
- 7.2. The NAB will only issue import permits to registered millers by the NAB – i.e. not to traders or others
- 7.3. No imports/exports may take place without a valid NAB import/export permit.
- 7.4. The content of this agreement will apply on condition that the NAB endorse and manage this marketing mechanism by way of:
 - 7.4.1. Its regulatory powers (i.e. by not issuing import permits for mahangu until the said mahangu has been marketed also subjected to point 2.3)
 - 7.4.2. Honouring and upholding all mahangu raw material and finished product control measures without any relaxation.
 - 7.4.3. Instituting and maintaining effective border control measures;
 - 7.4.4. Treating adherence to the content of this Agreement as part of the milling licence conditions. Effectively ensuring full compliance of all millers and milling licence conditions and exercising its powers in terms of breach of these conditions.

8. AMENDMENTS TO THIS AGREEMENT

- 8.1. If, in a specific region, organised agriculture and the millers jointly propose to make specific changes to this Agreement for a win-win situation in that region, without harming other regions, this shall be possible, subject to the concurrence of the three (3) signatories to this Agreement.
- 8.2. This agreement (in terms of principles and formulas – not in terms of the absolute value of N\$) continues indefinitely until either party gives notice to renegotiate this agreement, but this has to be at least 2 months before the mahangu planting season in any given year (end of October unless otherwise agreed by two (2) signatories of this agreement).

Thus agreed and signed:



Mr. Jason Emvula: NNFU

at Windhoek

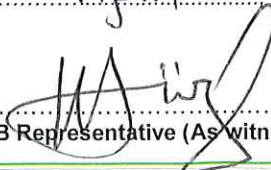
on 12 April 2022, 2021.



Ms. Mary Shikukutu, Chairman: NMPA

at Windhoek

on 12 April 2022, 2024


NAB Representative (As witness)