

F/Y 2016/17

Meat Board of Namibia Business Plan



For Board Approval:

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DEFINITIONS OF TECHNICAL TERMS AND ACRONYMS

FANMeat	Farm Assured Namibian Meat Scheme
FMD	Foot-and-mouth disease
Governance Council	The Public Enterprises Governance Council established by the Public Enterprises Governance Act, 2006
GDP	Gross Domestic Product
ICT	Information Communication Technology
IT	Information Technology
KRA	Key Result Area
MAWF	The Ministry of Agriculture, Water and Forestry
NCA	Northern Communal Areas
NDP	National Development Plan
SFA	Strategic Focus Area
SOE (PE)	Public Enterprise
SOEG Act (PEG Act)	The Public Enterprises Governance Act, no. 2 of 2006, as amended
VCF	Veterinary Cordon Fence

PREAMBLE

This business plan was compiled in terms of the requirements stipulated by the Public Enterprises Governance Act, 2006 (Act 2 of 2006), as amended (PEG Act). It forms an integral part of the Meat Board's Strategic Plan 2016/17-2020/21 that charts the strategic direction of the Meat Board over a five-year period. The Strategic Plan is closely aligned with Vision 2030 and Government's National Development Plan IV priorities, while it factors in trends within the national and international meat environment and the Meat Board's internal capabilities.

This integration resulted in a business plan that deals with the current issues confronting the Meat Board by setting out programmes and projects to be undertaken for the period of the Strategic Plan as well as an operating budget for the Meat Board's financial year 2016-2017.

1 EXECUTIVE SUMMARY

1.1 Background

Business description

The Meat Board of Namibia (Meat Board) was established in terms of Section 2 of the Meat Industry Act, 1981, No. 12 of 1981. Section 3 of the Meat Industry Act stipulates that the objects of the Meat Board are to promote the interests of the meat industry of Namibia in Namibia and elsewhere.

Besides the creation of a favourable environment, the Meat Board has regulatory responsibilities in respect of livestock and related products in Namibia.

The Meat Board is involved in various development projects and implements and manages projects on behalf of the government and others on a cost-recovery basis.

Historical background and achievements

The Meat Board came into existence as a statutory body in 1935 and has been promoting the interests of the meat industry since then.

Strategic charter

The strategic charter forms the basis upon which the entire strategy and business plans are developed, and is summarised below.

Vision

The vision of the Meat Board of Namibia is to be an internationally and locally recognised organisation that promotes a profitable, vibrant, quality-driven Namibian meat industry in local and international markets.

Mission

The mission of the Meat Board of Namibia is to promote a favourable environment for sustainable livestock production, market growth and diversification for livestock, meat and meat products; and to maintain standards and quality assurance by way of appropriate regulatory intervention.

1.2 Products and services

To further its objectives, the Meat Board provides the services listed below.

- Meat market access, maintenance and diversification
- Assistance in maintaining the animal health and welfare status
- Advising on the market-related production, processing and marketing of livestock
- Provision of strategic information to the meat industry and stakeholders

- Regulatory control of standards, quality assurance and import/export services
- Identification of opportunities for value addition in the meat industry
- Assistance in the creation and promotion of a strong Namibian brand in export markets
- Advice to Government on policy and regulatory issues relating to the meat industry, and
- Management of projects on behalf of Government and other institutions for the benefit of the meat industry on a cost-recovery basis.

1.3 The industry, competition and market

Namibia exports approximately 80% of its meat production. Its share in world context is small; therefore major efforts are required to comply with importing country and consumer demands to secure the sustainability of the meat industry. Increasing demands are placed on the Meat Board to assist with, among others, quality assurance systems to meet the requirements of the international consumer. In addition, the Meat Board supports Government through its regulatory framework established in terms of the Meat Industry Act by managing the industry towards local value addition, especially focusing on extracting more cattle and stimulating the agricultural sector north of the Veterinary Cordon Fence.

The Meat Board is the only institution in Namibia that carries the mandate for promoting the interests of the meat industry in Namibia. The Meat Board therefore has no competitors and works in collaboration with the Ministry of Agriculture, Water and Forestry and other key stakeholders such as farmers unions (NAU, NNFU and NECFU), the Abattoir Association of Namibia, the Meat Traders and Processors Association, and the Livestock Brokers and Traders Association.

The Meat Board has jurisdiction over livestock and related products from –

- cattle (beef)
- sheep (lamb/mutton)
- goats (goat meat), and
- pigs (pork).

Livestock and related products are sold and/or exported –

- on the hoof
- as frozen and chilled cuts
- as processed meat, and
- as hides, skins and offal.

The producer prices fluctuate from week to week and are subject to demand, competition and exchange rate movements.

1.4 Marketing

The Meat Board uses a communication strategy to communicate with the industry and all relevant stakeholders and role-players regarding the objectives, services, activities, performance and emerging issues of the meat industry.

1.5 Financial plan

Sources of revenue

The primary source of revenue for the Meat Board is levies imposed on livestock exported, domestically sold and slaughtered, and livestock and meat imported. It is crucial that the levy level be maintained to comply with the obligations of the Meat Board in the meat industry.

Distribution of dividends

As the Meat Board is a non-profit organisation, no profits will be declared and no surplus will be distributed except for internal allocation to reserve funds for Meat Board purposes to be used in years after droughts or during a major disease outbreak to finance the Board's administrative functions.

Borrowing plans

The Meat Board has no plans to borrow funds in the foreseeable future.

Financial projections

A total provision of N\$74,06 million has been made for the forthcoming year for the implementation of the Meat Board Business Plan. Approximately 38% of the budgeted amount is allocated to the advocacy of animal health and welfare and on production and market-related issues through the Northern Communal Areas Fund, which specifically focuses on the expansion of the meat industry by increasing the marketing of cattle from north of the Veterinary Cordon Fence.

Another key priority for the Meat Board is to ensure a sustainable organisation, which accounts for approximately 34% of the budgetary provision. The implementation of these strategies is supported by specific programmes that are aligned to strategic goals and initiatives. The following table illustrates the allocation of funds per SFA.

Expenditure Budget	SFA 1: Sustainability	SFA 2: Stake-holder Collaboration	SFA 3: Export Diversification	SFA 4: Effective Governance	SFA 5: Animal Health and Welfare
TOTAL EXPENDITURE	25,470,076	4,164,126	8,995,877	7,512,279	27,922,618
% Allocation	34%	6%	12%	10%	38%

1.6 Operations

Location

The Meat Board head office is located in Windhoek, at the Agricultural Boards Building, 30 David Hosea Merero Road. It operates from leased premises outside Windhoek, which consists only of administrative offices.

Operating equipment

The operating equipment of the Meat Board consists of office furniture and fittings, computer equipment, office equipment and motor vehicles. At slaughterhouses it entails classification equipment.

Suppliers and vendors

The Meat Board acquires goods and services and is not dependent on any particular supplier, except for classification equipment and software programming. Most of the goods that the Meat Board acquires are consumables, such as stationery, and therefore it carries a limited inventory. The Meat Board obtains specialised services by advertising through the public media as per its Procurement Policy.

Personnel plan

The operating philosophy of the Meat Board is to have a lean organisational structure. Certain services are carried out in-house while other services are outsourced to consultants and service providers on a project-by-project basis.

1.7 Management, organisation and ownership

Ownership

The Meat Board is a Public Enterprise in terms of the Public Enterprises Governance Act, 2006 (Act No. 2 of 2006), as amended and resorts under the portfolio of the Minister of Agriculture, Water and Forestry.

Board

The Meat Board has a board that is appointed in terms of the PEG Act. The board's membership comprises –

- nine persons representing producers of livestock
- one person representing manufacturers of meat products
- one person representing traders in meat products, and
- one person representing marketing agents of a controlled product.

Senior management team

The senior management team comprises the General Manager, who reports to the board, Manager: Operations, Manager: Trade, Manager: Meat Standards who all report to the General Manager.

1.8 Goals and strategies

The Meat Board's strategic priorities

The Meat Board Strategic Charter formed the basis upon which the entire strategy and business plan was developed, namely –

- A healthy, disease-free meat industry
- Producing quality meat
- Export growth and market diversification
- A respected, world-class regulatory organisation
- A profitable, advanced and cohesive meat industry
- Active stakeholder engagement, and
- An effective, autonomous, self-sustainable organisation.

In order to achieve its vision while taking cognisance of its key strategic issues, it is imperative that the Meat Board focus in the coming five years on five Strategic Focus Areas (SFAs). Progress on long-term goals is reported under these SFAs that form the pillars that drive the Meat Board's strategy:

- Ensuring a sustainable organisation
- Strengthening stakeholder relations
- Meat market access maintenance and diversification
- Regulatory control standards, quality assurance and import/export control, and
- Advocacy of animal health and welfare on production and market-related issues.

Critical success factors

The Meat Board identified the following Strategic Focus Areas which it intends to pursue during the next five years to increase the economic sustainability and growth of the industry:

- The need to have sound regulatory systems in place to control standards and quality assurance with respect to production, processing and marketing
- The need to promote export diversification by increasing market access to competitive markets
- The need to strengthen relations with Government and key stakeholders leading towards improved collaboration and partnerships
- The need to ensure that the Meat Board remains a self-sustainable organisation
- The need to introduce appropriate marketing support mechanisms for the meat industry, and
- The need to advocate animal health and welfare as a first step in being globally competitive.

2 BUSINESS PLAN

2.1 Description

The Meat Board of Namibia was established in terms of Section 2 of the Meat Industry Act, 1981, No. 12 of 1981. Section 3 of the Meat Industry Act stipulates the objects of the Meat Board which are to promote the interests of the meat industry of Namibia in Namibia and elsewhere.

The Meat Board has jurisdiction over the marketing of cattle, sheep, goats, pigs, meat and meat products thereof and promotes an environment which is conducive to sustainable livestock production, market growth and diversification of livestock, meat and meat products.

Besides the promotion of the meat industry, the Meat Board has regulatory responsibilities in respect of livestock and related products, and meat and related meat products in Namibia.

Further, the Meat Board is involved in development projects and implements and manages projects on behalf of the Government of the Republic of Namibia and others (donors and industry associations) on an agency basis.

Historical

The Meat Board came into existence as a statutory body in 1935 and has been promoting the interests of the meat industry since then.

Over the years the Meat Board was able to facilitate the marketing of livestock and livestock products by building a superior export industry to market excess products abroad. In this manner the meat industry is capable of competing with much larger meat export countries.

Ownership

The Meat Board is a Public Enterprise in terms of the Public Enterprises Governance Act, 2006 (Act no. 2 of 2006), as amended and resorts under the portfolio of the Minister of Agriculture, Water and Forestry.

2.2 Meat industry

The meat industry forms the mainstay of the Namibian agricultural sector, contributing 80% to the agricultural Gross Domestic Product, while agriculture in general contributes approximately 6% to the country's Gross Domestic Product. In addition, the industry is one of the largest providers of employment which results in both the economic and social stability of the rural agricultural sector.

The country's cattle herd inventory is approximately 2,2 million of which 1,2 million head of cattle are located north of the Veterinary Cordon Fence. Namibia has approximately 2,5 million sheep located on commercial farmland south of the VCF, while the country's 1,8 million goats are mostly found in communal areas north and south of the VCF. Namibia produces approximately 40% of its pork consumption, while the remainder is imported from South Africa.

Given the vision of the meat industry of exporting meat would be the only viable option to ensure growth in the agricultural sector, all initiatives were and are aligned with the requirements of the export market. Export abattoirs were made European Union and South Africa compliant, while Good Agricultural Practices were enrolled through the Farm Assured Namibia Meat Scheme (FANMeat) at farm level, including the communal farming sectors of the country. Both abattoirs and producers are placed on a high level of sophistication, while three European Union-approved cattle abattoirs, three European Union-approved sheep export abattoirs and an additional two cattle and one sheep abattoir which received approval for export to South Africa, are operational.

The FANMeat scheme is a minimum quality standards and traceability scheme administered by the Meat Board in close association with the Directorate Veterinary Services, export abattoirs and the livestock producers of the country. The FANMeat scheme is continuously updated in accordance with the requirements set by importing countries and discerning international consumers. The enrolment of the FANMeat Scheme in the meat industry together with the natural production environment of Namibia results in more and more international clients demanding Namibia's quality meat products.

Namibia's particular natural production environment is sought after by consumers and retailers internationally. Unfortunately, the natural pasture production base is unable to produce more products due to its fragility and erratic and low rainfall. Namibian producers take special precautions to ensure the sustainability of the environment. Together, meat produced in Namibia is free from growth hormones, antibiotics and animal by-products due to national preventative legislation. In addition, producers and abattoirs are constantly sensitised to address animal welfare, which is enshrined in the FANMeat scheme standards.

Expansion of the meat industry can be achieved by increasing the sale of cattle north of the Veterinary Cordon Fence. Cattle sales are restricted due to quarantine requirements as a result of the foot-and-mouth disease (FMD) status of the area. Since the occurrence of FMD has been restricted to a small area while in the majority of the region it has been eradicated, international FMD freedom certification will be pursued in the near future. The meat industry is confident that when such certification is achieved, quarantine restrictions will be lifted and the meat export trade will improve dramatically.

Since independence, Namibia has been privileged to have access to a variety of markets. The Norwegian and European Union market remains the most lucrative market to Namibia for its beef exports. Namibia exports approximately 9 000 tons of beef to Europe, while the main importing countries are the United Kingdom and Norway, with Finland, Denmark, Germany and the Netherlands also becoming favoured importing countries. Sheep meat, depending on a favourable exchange rate, is also exported to Europe. Due to historic relations and locality, neighbouring South Africa remains Namibia's most important market. Namibia exports 14 000 tons beef, 140 000 weaners, 60 000 sheep, 800 000 sheep carcasses and 240 000 goats to South Africa.

Initially, Namibia's products were sold as commodities to mostly wholesalers, butchers and caterers, but recently Namibia's beef and sheep products have been directly exposed to consumers through supermarket chains both in South Africa and Europe. Such exposure only testifies of the superior quality of a product that can be produced by committed individuals and organisations in the meat industry. Beef and sheep meat produced in Namibia originates from beef and sheep breeds adapted to the country's harsh environment over the years. Recently, emphasis on breeding cattle for market requirements was expanded to include selection for meat tenderness. The stud stock

sector specifically grew from strength to strength, in such a way that Namibia's breeding stock are sought after in Angola, Botswana, South Africa and the Democratic Republic of the Congo. The majority of cattle breeds used in the country are the Brahman, Bonsmara, Simmentaler and the indigenous Sanga, while the major sheep meat breed is the Dorper.

The meat industry is fully backed by a strong and proficient veterinary service, not only in the private sector but also by the competent authority, the Directorate Veterinary Services of the Ministry of Agriculture, Water and Forestry. The Directorate has been able to lead Namibia since independence to achieve the required meat hygiene standards in abattoirs, and animal health certification and control on farms. The World Animal Health Organisation, the OIE, as well as the Food and Agriculture Organisation (FAO), applauded Namibia's veterinary services, while the European Union Food and Veterinary Office and the South African Veterinary Authorities accepted Namibia's standards for meat imports. Namibia's veterinary services are in the process of gaining access to the United States, Russian, Chinese and Hong Kong markets, as well.

The meat industry consists of the following key participants:

- Producers of livestock and livestock products
- Abattoirs
- Meat Processors
- Agents
- Consumers, and
- Service providers.

Namibian products are differentiated in world meat markets through –

- high quality tasty beef, sheep and goat meat
- the production of value-added/processed products including hides and skins
- an established Quality Assurance Scheme, FANMeat, which is the first of its kind in Africa
- slaughtering at EU-approved abattoirs that are ISO and/or HACCP certified
- meat from livestock produced on natural vegetation with no addition of animal by-products, growth stimulants or antibiotics
- good measures for traceability and record-keeping, including movement control by Veterinary Service, and
- a combination of good agricultural practices (GAP), animal welfare, environmental sustainability and the use of modern technology, ultrasonic scanning supporting the production of meat.

Livestock and related products, and meat and related products, are exported –

- on the hoof
- as frozen or de-boned chilled cuts
- as processed meats
- as carcasses, and
- as offal, hides and skins.

Producer prices fluctuate from year to year and are subject to demand, competition and exchange rate movements.

2.3 Services

The Meat Board provides the services listed below to the meat industry:

- Meat market access, maintenance and diversification
- Assistance in maintaining the animal health and welfare status
- Advising on the market-related production, processing and marketing of livestock
- Provision of strategic information to the meat industry and stakeholders
- Regulatory control of standards, quality assurance and import/export control services
- Identification of opportunities for value addition in the meat industry
- Assistance in the creation and promotion of a strong Namibian brand in export markets
- Advising Government on policy and regulatory issues relating to the meat industry, and
- Management of projects on behalf of Government and other institutions for the benefit of the meat industry on a cost-recovery basis.

3 PROMOTION

The Meat Board uses a communication strategy to communicate with the industry and all relevant stakeholders regarding its objectives, services, activities, performance and emerging issues relating to the meat industry. The communication strategy includes the following:

- Regular meetings with key stakeholders such as the Ministry, meat industry and other role-players as identified
- The publication and dissemination of information through the Meat Board web-site, local radio stations, newspapers, newsletter, brochures and annual reports
- Press conferences, and
- Subscriptions to and formal membership with international forums such as the International Meat Secretariat and affiliation to Southern African meat industry organisations and other forums as identified from time to time.

The promotion of the Meat Board is enshrined as a Strategic Focus Area in the Meat Board Strategic Plan.

4 ORGANISATIONAL ASPECTS

4.1 Legal and governance considerations

The Meat Board of Namibia is a statutory body established by the Meat Industry Act (Act No. 12 of 1981) as amended and reports to the Ministry of Agriculture, Water and Forestry (MAWF).

The Meat Industry Act (No. 12 of 1981) defines the objectives of the Meat Board as follows:

“...to promote the interests of the meat industry of Namibia in Namibia and elsewhere”.

Through the Meat Industry Act, the Meat Board is, among others, empowered to –

1. employ personnel
2. acquire property
3. appoint agents
4. increase demand for products
5. render loans or donations
6. establish information services
7. deliver inspection services
8. classify meat and meat-related products
9. exercise import/export control
10. register producers (including abattoirs, agents, processors, traders)
11. procure levies
12. buy and sell meat as required, and
13. fix prices.

The Meat Board has jurisdiction over livestock, meat and related products from –

- cattle (beef)
- sheep (lamb/mutton)
- goats (goat meat), and
- pigs (pork).

The promulgation of the Public Enterprises Governance Act (Act No. 2 of 2006), as amended requires additional governance measures to be in place. In line with the PEG Act, the Meat Board has partake in a process of entering into corporate governance and performance agreements with the Minister of Agriculture, Water and Forestry.

The Meat Board's financial statements are audited on an annual basis by the auditor-general. The Meat Board's financial statements are sound and no qualification has ever been issued.

The Board is assisted by two committees, namely a fully constituted Audit and Risk Committee and a Human Resource Committee, as well as three industry committees, namely a National Livestock Marketing Committee a Farm Assured Namibian Meat Scheme Committee and a Animal Health Committee. An obligatory Affirmative Action

Committee and Provident Fund Committee assist the Meat Board in statutory compliance.

The Board reports to the Minister of Agriculture, Water and Forestry, who constitutes the Board. The management and staff are responsible for implementing the resolutions of the Meat Board and advising the Meat Board on a day-to-day basis. An Authority Delegation Policy governs the relationship between the Board and its management.

4.2 Board

Close collaboration between the Board and its management is required to ensure effective implementation of the strategic plan and sound management with respect to the implementation of projects.

The Meat Board has a board consisting of members who are appointed in terms of the Public Enterprises Governance Act 2006 (Act 2 of 2006), as amended as well as the Meat Industry Act. This board comprises –

- nine persons representing producers of livestock
- one person representing manufacturers of meat products
- one person representing traders in meat products, and
- one person representing marketing agents of a controlled product.

The board has a chairperson and a deputy chairperson appointed by the Honourable Minister in terms of the PEG Act (SOEG Act).

4.3 Location

The administrative offices of the Meat Board are leased from the Agricultural Boards Trust which is located in Windhoek in the Agricultural Boards building at 30 David Hosea Meroro Road. It also has leased offices at the export abattoirs in Windhoek and at Keetmanshoop, Aranos, Mariental, Witvlei, Okahandja, Oshakati and Katima Mulilo and the border posts at Ariamsvlei, Buitepos, Walvis Bay, Oshikango, Noordoewer and smaller posts.

4.4 Organisational structure

The current organisational structure of the Meat Board is aligned with the prescribed functions outlined in the Meat Industry Act and in line with the Meat Board's Strategic Plan. The majority of the employees perform specialised tasks that are required by the Meat Board. Functions are separated into divisions which constantly interact with each other to execute the required responsibilities.

4.4.1 Management team

The management team comprises the GM, who reports to the board, the Manager: Operations, Manager: Trade, and Manager: Meat Standards who report to the GM. Management is assisted by a Chief Marketing, Chief Classification, Chief Information Management Systems and Chief FANMeat. Chief IT, Chief HR, Head Law Enforcement and Head Finance resort under the Operations Manager .

All the members of the management team are suitably qualified with at least Bachelor's degrees in agriculture, business management or veterinary science, or a combination of such degrees. They have a good understanding of the meat industry and have been with

the Meat Board or meat industry for more than ten years. All divisional heads have the ability to implement Meat Board schemes and projects.

General Manager

The General Manager (GM) is primarily responsible for the day-to-day management of the Meat Board's affairs. One of the main functions of the GM is to organise stakeholder meetings and prepare submissions to the Board for decision making. Once decisions have been made, the implementation thereof vests under the mandate of the GM. Board meetings are conducted based on a schedule that is determined at the beginning of each year. Management is obliged to attend these meetings.

Within the current organisation structure, the GM is also responsible for strengthening stakeholder relations. This indicates that the GM, within the current set-up, performs a dual function – that of the GM and that of the responsible officer of this function.

Division: Operations

This division is headed by the Operations Manager and is responsible for five functions: efficient and effective management of the Meat Board's Human Resources, Information Technology, Law Enforcement, Finance and Administration. Board policies provide directives to the collection and application of levies, as well as the optimal utilisation and application of resources, e.g. Human Resource Policy, Affirmative Action Policies, etc.

The law enforcement sub-division is headed by an inspector (Head Border Control) responsible for the enforcement of the Meat Industry Act, border control and general advice and assistance to law enforcement agencies. The Head Finance oversees the finance function of the Meat Board and his /her staff consists of an accountant, an assistant accountant, a creditor and payroll assistant, and an accounting clerk. Human Resource functions are performed by the Chief HR which is assisted by the Assistant Hr.

Division: Trade

The Manager: Trade is responsible for livestock and meat market access, maintenance and diversification. This division combines the functions of trade information and marketing. Currently, this division, headed by the Manager: Trade, serves to supply management and marketing information to the Board and the Namibian meat industry through a management information system and the reporting of industry trends and developments. Import and export control also resort under this division.

The division also provides production and market-related issues with the aim to increase the financial viability of livestock production in Namibia. The division is supported by three assistants to increase the Meat Board's visibility north of the Veterinary Cordon Fence. It is further responsible for the Agricultural Trade Forum, a private organisation assisting Government in trade negotiations.

The information sub-division is responsible for the gathering and dissemination of information with respect to the meat industry. This sub-division also focuses on expanding existing markets for livestock and meat as well as the development of new markets.

The tasks of this division are to inform and educate producers, processors and consumers on improving livestock production.

Division: Meat Standards

This division, headed by the Manager: Meat Standards, and which is also a veterinarian, is responsible for independently performing carcass classification and quality assurance at export abattoirs in Namibia. It further performs retailer brand audits at abattoirs and farms, ultrasonic scanning of cattle and livestock and carcass judging.

This division is the largest in terms of employed staff members. Permits are issued at each export abattoir by classification staff with respect to the export of carcasses.

The FANMeat sub-division forms part of the standards division, and is headed by the Chief: FANMeat. The Chief FANMeat, together with the Manager Meat Standards is responsible for the implementation of Namibia's Farm Assured Namibia's Meat Scheme, a minimum standard and traceability scheme, and for the advocacy of animal health and welfare. The sub-division is also responsible for the importation and selling of official cattle ear tags and the administration of stock brands in Namibia on behalf of the Registrar of Stock Brands which is vested with the Chief Veterinary Officer.

4.4.2 Personnel plan

The operational philosophy of the Meat Board is to have a lean operational structure. Certain services are carried out in-house while other services are outsourced to service providers on a project-by-project basis.

For all managerial and middle management positions, besides the standard tertiary qualifications, the pre-requisite for eligibility is relevant meat industry knowledge and experience. Job descriptions for each position are available to indicate the relevant qualification and experience.

The staff turnover at the Meat Board is low and remuneration levels for staff are market related. Remuneration for management and board members is subject to the guidelines and remuneration framework issued in terms of the PEG (SOEG) Act.

An annual training and development program is in place to address identified skills gaps for staff members. A performance management framework is in place and staff performance is accordingly appraised.

See below for the Meat Board's organogram (subject to revision to align with the Strategic Plan):

Meat Board of Namibia Business Plan 2016-17

MEAT BOARD ORGANOGRAM

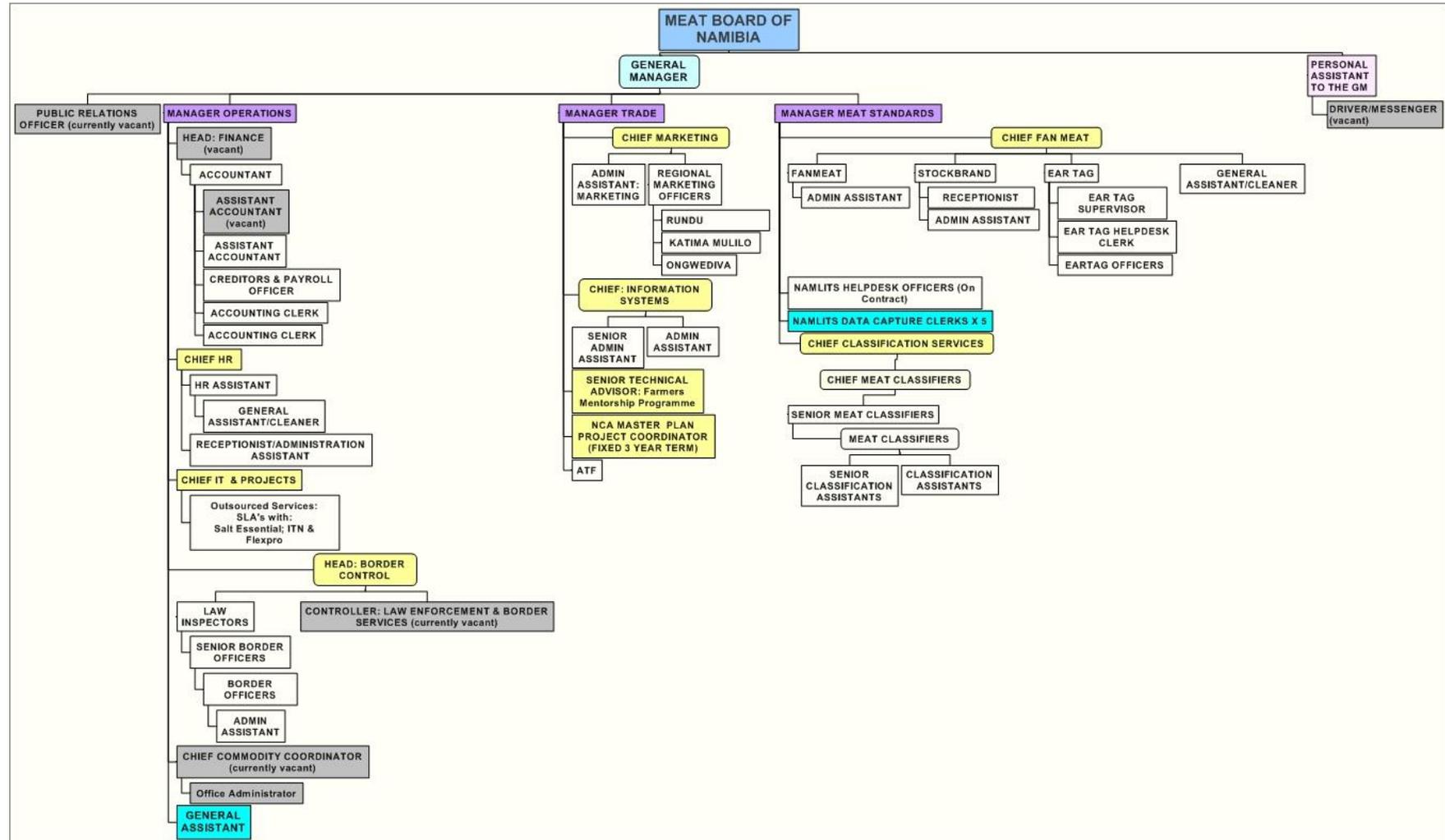


Diagram 1: Meat Board Organisational Structure

4.5 Internal processes

Clear policy guidelines and procedures support an integrated management system that steers stakeholder coordination, inter-divisional cooperation, reporting, monitoring and control throughout the entire organisation.

5 OPERATIONS

The Meat Board's mission is to promote a favourable environment through which meat and meat products can be produced, processed and marketed by the Namibian meat industry.

In order to achieve its mission, the Meat Board has to ensure that the key strategic focus areas, as enshrined in the Meat Board's Strategic Plan, are adequately addressed. This is achieved through the appropriation of levy funds, the implementation of regulatory requirements and the administration of projects.

5.1 Appropriation of levy funds

The Meat Board manages six funds on behalf of the meat industry.

The General Fund (and Reserve Fund) is utilised for the day-to-day activities of the Board and Meat Board operations.

The respective special funds, NCA Levy Fund, Ear Tag Fund, Cattle Stabilization Fund, Animal Health Fund and FANMeat Fund, are managed by the Meat Board. They were established for specific purposes and are as such applied by the Meat Board.

The income of the above statutory funds is derived from levies promulgated by the Honourable Minister on request of the Meat Board.

5.1.1 Stabilisation Fund for Cattle

The main aim of this fund initially was to stabilise cattle prices. As the function became defunct, this fund is now utilised for the promotion of beef products, improving the competitiveness, as well as the development of the cattle industry, especially north of the VCF. Income to this fund came to an end when the respective levies were terminated.

5.1.2 Animal Health Fund

The maintenance of Namibia's animal health status is crucial and this fund was the meat industry's initiative to establish a fund which can assist and finance interventions in case of a national notifiable or economically disastrous disease outbreak. Income to the fund is generated through the Meat Board General Levy of which 5% is allocated to the Animal Health Fund.

This fund provides access to finances for activities necessary to prevent and/or contain defined animal diseases. The risk of a notifiable disease outbreak has the potential to destroy an export market and thus holds financial losses for the meat industry. It supports government's interventions and other initiatives. It can be deployed with speed and is particularly used for communication with stakeholders.

5.1.3 Farm Assured Namibian Meat Scheme (FANMeat) Fund

FANMeat is a consumer-oriented, total meat quality assurance scheme which, through a process of inspections, monitors and certifies meat for the export market according to consumer standards with respect to bio-safety, food safety, animal welfare and meat quality, and makes adequate provision for traceability of the product from the package to the farm of origin. It is administered by the Meat Board in close association with the Directorate Veterinary Services, which is also the competent authority, export abattoirs and the livestock producers of the country.

The FANMeat Fund is utilised to administer and update the scheme in accordance with the requirements set by discerning international consumers. Income to the fund is generated by the Meat Board General Levy of which 15% is contributed to the FANMeat Levy Fund.

The acquisition and distribution of official cattle ear tags fall under the mandate of this fund and assures the distribution of ear tags on a cost-recovery basis to producers.

5.1.4 NCA Levy Fund

Significant growth in the meat industry can be achieved by increasing the sales of cattle from north of the Veterinary Cordon Fence. At present the areas do not have an internationally declared disease status due to the past occurrence of foot-and-mouth disease in the area. Foot-and-mouth disease, with the exception of the Caprivi and the eastern parts of Kavango, has been contained, so that it is now restricted to a much smaller area. International certification confirming that sections of the area are free from foot-and-mouth disease will be pursued in the near future. Such certification may lead to improving the disease status and an increase in the meat export trade.

5.1.5 Ear Tag Fund

The Meat Board of Namibia was appointed by the MAWF as central distributor of official cattle ear tags as per Animal Identification Regulations (2009). The Meat Board via the FANMeat committee, which is a stakeholder platform, has since its inception been involved in the Namibian Livestock Identification and Traceability System (NamLITS) and offers the distribution function on a cost-recovery basis. The function of tag distribution was designed in such a way as to recover operational and capital costs. All moneys accumulated forms the "Ear Tag Fund", which serves as a reserve for cases such as exchange rate fluctuations. Any accumulated funds not used, will be used for the purpose of strengthening and supporting NamLITS as per recommendation of the FANMeat committee.

5.2 Implementation of regulatory measures

The Meat Board applies various activities accorded to it by the Meat Industry Act:

- a. Import and export control through the issuing of Meat Board Export and Import Permits. Permits are issued and distributed through Meat Board agents to exporters of livestock and to importers of livestock and meat by the Meat Board Head Office, while the export of meat is controlled by the Head: Classification at export abattoirs.
- b. Appointment of agents to assist in the execution of its activities, e.g. the issuing of Meat Board Export Permits.
- c. Establishing an information service to obtain the necessary information to manage the industry. The Meat Board hosts one of the best information warehouses in Africa.
- d. Conducting inspections to ensure that Meat Board levies are procured and that the import and export control functions are properly executed. The division also assists functionaries in the administration of related acts, e.g. Stock Brand Act, Animal Identification, etc.
- e. Classification of carcasses at export abattoirs. It is an independent service performed by the Meat Board whereby the producer is remunerated by the export abattoir for the carcasses he/she produces.

- f. Registration of producers. In terms of the Meat Industry Act, the term “producers” encompasses livestock producers, slaughterhouses, processors, agents, speculators, etc. Registration is compulsory and subject to compliance with certain prerequisites.

5.3 Administration of projects

The Meat Board administers several projects on behalf of the industry on a cost-recovery basis:

5.3.1 Stock brand registration

The Meat Board registers stock brands on behalf of the Registrar of Stock Brands, which is the Director of Veterinary Services. This function was allocated to the Meat Board given its ability to perform the function more efficiently.

5.3.2 Externally funded projects

The Meat Board sourced funding and administers the two projects on behalf of the donor:

- a. Master Plan for increased cattle and beef marketing from north of the Veterinary Cordon Fence. This project was financed by the Finnish embassy and will assist the industry in preventing duplication of interventions north of the VCF.
- b. Development of export opportunities for beef products from the Zambezi Region. It was financed by the MCA Namibia and intended to develop procedures whereby beef can be exported from the Zambezi in line with international animal hygiene and meat health requirements.

Both project is co-financed by the Meat Board and will continue.

5.3.3 Special projects

All other projects, e.g. the ultrasonic scanning of cattle performed on behalf of the Namibian Stud Breeders Association, retailer audits for the branding of Namibia’s beef and lamb products performed on behalf of South African retailers and the importation and selling of arboricides on a cost-recovery basis.

6 CRITICAL RISKS, PROBLEMS AND ASSUMPTIONS

The viability of the Meat Board in rendering the required services is secured if Meat Board levies are promulgated on a regular basis and procured as per Government Notice. Other risks have also been identified and categorised in the following order:

High probability with high impact	High probability with low impact
<ul style="list-style-type: none"> • Lack of government consultation in meat industry decisions • Decline in production • Lack of a preventative support programme on animal health • Non-accommodation of NCA stock in potential markets • Excessive RSA veterinary import conditions – halting livestock exports to South Africa 	<ul style="list-style-type: none"> • Funding and resource constraints • Spill-over of industry competition onto the board
Low probability but high impact	Low probability but low impact
<ul style="list-style-type: none"> • Failing animal health status • Undue interference in pricing system • Consumer demand changes • External factors (e.g. drought, macro-economic changes) • Different, unaligned market requirements • Non-compliance of infrastructure 	<ul style="list-style-type: none"> • Meat Board capacity building • High competition with other countries in terms of volume of product

These risks are incorporated within the risk management processes of the Meat Board and dealt with by the Audit and Risk Committee of the Meat Board on a quarterly basis.

7. STRATEGIC INTENT

7.1 Key strategic references

Four key strategic references have set the context for the development of the Meat Board Strategic Plan. These are listed below. These frameworks were considered in detail in finalising the Strategic Plan.

Vision 2030

This strategic document sets forth Namibia's long-term National Development Policy framework. Vision 2030 identifies land and agricultural production as key elements contributing to a sustainable resource base.

More specifically, this translates into a sub-vision which relates to the Meat Board's mandate, namely:

"Land is used appropriately and equitably, significantly contributing towards food security at household and national levels, and supporting the sustainable and equitable growth of Namibia's economy, while maintaining and improving land capability."

National Development Plan 4

NDP4 identifies Key Result Area (KRA) 5 as: Productive Utilisation of Natural Resources. Sub-KRA 5a deals with the sustainable utilisation of natural resources. Agriculture sub-sector programs identified are:

1. Crop and horticulture improvement
2. Production and marketing of indigenous plant products
3. Soil management
4. Improving livestock productivity
5. Agriculture infrastructure including irrigation development, and
6. Human resources development and capacity strengthening in the agriculture, water and forestry sectors.

SWAPO Manifesto 2014

The SWAPO Party Election Manifesto 2014 commits to prioritise increased food security through the development of livestock production, agro-processing and marketing by the provision of support services, increased investment, etc. Furthermore, it is expected that infant industry protection policies will contribute to the country's GDP growth through the "Growth at Home" strategy. Moreover, household food security (a culture of self-reliance) will be prioritised to achieve social upliftment at household, community and national level.

MAWF Strategic Plan

As the Meat Board's line ministry, the MAWF Strategic Plan 2012/2013-2016/2107 provides a guiding framework for the strategic direction of the Meat Board. Within the Strategic Focus Area, High and sustained economic growth, Increased income equality and Employment Creation, two key strategic objectives are identified which relate to organisations like the Meat Board, namely:

1. Agriculture experiences average real growth of 4% per annum over the NDP4 period(D09); and

2. By 2017, the proportion of severely poor individuals has dropped from 15,8% in 2009/10 to below 10% (DO4).

7.2 The Meat Board's Strategic Focus Areas

In response to the requirements of the key strategic references, the Meat Board Strategic Plan 2011-2016 emphasises five (5) key strategic focus areas. Successful delivery of these areas will effectively position the Meat Board to contribute to Namibia's economic sustainability and growth. The Strategic Focus Areas are:

1. **Sustainability:** The need to ensure that the Meat Board remains a financially self-sustainable organisation.
2. **Stakeholder collaboration:** The need to strengthen relations with Government and key role-players leading towards improved collaboration and partnerships.
3. **Export diversification:** The need to promote export diversification by increasing market access to lucrative markets.
4. **Effective governance:** The need to have sound regulatory systems in place to control mandated standards and quality assurance with production, processing and marketing.
5. **Animal health and welfare:** The need to advocate animal health and welfare as a first step in being globally competitive.

Vision

The vision of the Meat Board of Namibia is to be a locally and internationally recognised organisation that promotes a profitable, vibrant, quality-driven Namibian meat industry in local and international markets.

Mission

The mission of the Meat Board of Namibia is to promote a conducive environment for sustainable livestock production, market growth and diversification for livestock, meat and meat products; and to maintain standards and quality assurance by way of appropriate regulatory intervention.

Core values

At the Meat Board we strive to uphold the core values of integrity, teamwork, fairness, independent thinking, proactivity and accountability.

The Strategic Focus Areas outlined in the framework below are based on the key responsibilities of the Meat Board. Close collaboration between the Board and

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management is therefore required to ensure the effective implementation of programmes, projects and activities according to sound project management principles.

No.	Strategic Focus Area	What do we mean by it?	What are the expected outcomes?
1	Sustainability	A Meat Board that is financially independent, has motivated, highly skilled personnel and complies with industry needs.	<ul style="list-style-type: none"> • Sustainable financial position • Sound reputation nationally and internationally
2	Stakeholder collaboration	Strengthening working relations and communication with Government and role-players.	<ul style="list-style-type: none"> • Regular consultations with the Meat Board and stakeholders and vice versa on industry matters • The Meat Board respected as the authority on meat matters in industry
3	Export diversification	Identifying potential new markets, conducting market research, ensuring market entry requirements are met and providing negotiations support. Promotion, branding and classification of Namibian meat products.	<ul style="list-style-type: none"> • Existing markets maintained • New markets developed
4	Effective governance	Ensuring that regulations that are in place are well implemented and new ones introduced where gaps exist.	<ul style="list-style-type: none"> • Improved compliance with regulations • Better management of information on the Namibian meat industry
5	Production, processing and marketing	Providing information to industry and aligning livestock production with market and consumer requirements.	<ul style="list-style-type: none"> • Increased financial viability of livestock production • More informed and educated producers, processors and consumers • Improved collaboration with DVS • Improved animal health status in NCA to achieve international recognition • Maintenance of animal health status in SVCF

8 FINANCIAL PLAN

8.1 Sources of revenue

The Meat Board, as regulator for the meat industry, receives its income from various role-players in the industry in the form of levies. The Meat Board proposed a levy of 0,8% on all livestock transactions as well as meat imports. This percentage was determined according to forecasted transactions within the Namibian meat industry by calculating requirements for financing the activities of the Meat Board.

Levy payments entail that the livestock seller pays the levies, but the buyer is responsible for the collection of the levies and paying it over to the Meat Board.

The levies presently are procured as follows:

1. A-class abattoirs – 0,7% of transaction value
2. B- and C-class abattoirs – 0,7% of standard value
3. Auctions – 0,6% of transaction value
4. Permit days – 0,6% of transaction value
5. Export of livestock – 1.0% of standard value
6. Private sales – 0,6% of standard value

The standard values are announced by the Meat Board on an annual basis, based on the values of the previous calendar year. All registered livestock producers will, twice per annum, receive a self-assessment form by post, which must be completed and submitted to the Meat Board by 25 October (for the period April to September) and by 25 April (for the period October to March).

Other sources of revenue include interest received on investment of surplus funds. Such retained earnings are a major source of funding for the Meat Board. From time to time the Meat Board receives funds from the MAWF earmarked for the implementation of its projects on an agency fee basis.

8.2 Financial viability

Costs relevant to the implementation of the Strategic Focus Areas have been allocated to four main cost centres or themes in the budget and include human resources, assets, communication and stakeholder contributions. Strict financial management and control is executed over these themes.

8.2.1 Human resources

About 38% of the total budgeted expenses for the forthcoming year relates directly to the remuneration of staff as well as motivating staff in executing the Meat Board's Strategic Plan. This includes provisions for Head Office administration, remuneration to Board members for responsibilities, the implementation of Strategic Focus Areas, arrangement of meetings and planning industry workshops to solicit stakeholder interaction.

8.2.2 Assets

This expense represents annual spending on assets such as information technology (IT), vehicles, furniture, offices and others. Apart from human resources, approximately 14% of the budgeted expenses relate to infrastructure and equipment creating the physical

environment, people needs to operate from. Provision is made for the purchasing of vehicles, office rent, vehicle maintenance and repair, acquisition of IT systems and data bases, telecommunication and general office running costs such as legal costs, insurance, office rent, audit fees, printing, stationery, etc.

The bulk of the costs are head office administration while provision is made for expenses to be incurred with the administration of the Meat Board Special Funds, NCA Levy Fund, FANMeat Levy Fund and Animal Health Fund and programs such as the LPF NCA Farmers Mentorship program.

8.2.3 Communication

Communication is the way in which the Meat Board solicits the support of stakeholders and role-players to achieve growth in the meat industry. The Meat Board requires provision for expenses relating to multiple coordination activities and tasks in this regard, and therefore it is a large cost centre which contributes to about 32% of the total budgeted expenses. These provisions include –

- commission payable to agents for collecting levies on behalf of the Meat Board
- acquisition of arboricides to be sold on a cost-recovery basis to farmers for bush eradication
- a contribution to the Animal Health Fund
- expenses to be incurred with the implementation of projects under the NCA levy fund
- the promotion of meat products
- the Meat Board's representation on various negotiation forums in search of new market opportunities, and
- undertaking industry studies in order to obtain the necessary information required to promote and sustain the global competitiveness of Namibian meat.

8.2.4 Stakeholder contributions

Approximately 16% of the budget is invested in the meat industry by means of bursaries and contributions to Farmers Unions. Due to a lack of local veterinarians, provision is made for assistance to veterinary students to complete their studies. The Meat Board in terms of Section 10(i) (ii) of the Meat Industry Act may make contributions to Farmers Unions. At present 28% of the budgeted net levy income is donated to Farmers Unions on an annual basis.

8.3 Distribution of dividends

As the Meat Board is a non-profit organisation, no profits will be declared and no surpluses will be distributed, except for internal allocation to funds for Meat Board purposes.

8.4 Borrowing plans

The Meat Board has no intention to borrow funds in the foreseeable future.

8.5 Financial projections

The projected Income and Expenditure Statement for the Meat Board for the forthcoming year is estimated as follows:

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MEAT BOARD BUDGET FOR YEAR ENDING 31 MARCH 2017	
RESERVE FUNDS	43,954,302
REVENUE	
General Fund	46,488,487
Stabilisation Fund (Cattle)	4,725,101
Animal Health Fund	1,872,370
FANMeat	5,617,110
Ear tags	3,275,000
Stock Brand	502,950
TOTAL REVENUE	62,481,018
EXPENDITURE	
Human Resources	28,482,409
Personnel	26,241,057
Materials/Border Post Uniforms	70,000
Board Members	1,623,352
Training/Workshops/Functions	548,000
Technology	10,090,418
Infrastructure	5,393,599
General administration and office costs	4,696,818
Advocacy	23,695,431
Travelling	924,595
Project Implementation	11,637,850
Agents Commission	1,576,263
Marketing and Communications	7,962,819
Research and Development	1,593,904
Stakeholder Investments	11,796,720
Bursaries	340,200
Farmers Unions	11,456,520
TOTAL EXPENDITURE	74,064,978
CLOSING BALANCE	32,370,341

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The financial projections indicate a closing balance of N\$32.37 million by 31 March 2017.

Income of N\$ 62.48 million is projected for the 2016-2017 financial year.

Levy income to the Meat Board has an impact on revenue in the following ways:

- Livestock prices may decrease in the event of a disease outbreak, drought or closure of borders for whatever reasons, and
- If additional uncommitted financial demands are placed on the Meat Board, which will allow expenses to exceed income, e.g. court cases.

The aim of the Meat Board is to keep a Reserve Fund at a minimum level where it will cover the General Fund for at least a period of 18 months, which amounts to approximately N\$57 million. This is required for the following reasons:

- To maintain staff to continue with regulatory functions as required per Meat Industry Act,
- To continue with the implementation of the Strategic Plan, and
- To intervene in cases of disease outbreaks or droughts.

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9 IMPLEMENTATION ASPECTS

In view of implementing the stated Strategic Focus Areas (SFA), it is imperative that the costs for the different programs, projects and activities instituted by the Meat Board are aligned with the Strategy. In terms of the budget, the Meat Board allocated its expenses directly to the following Strategic Focus Areas:

Expenditure Budget	SFA 1: Sustainability	SFA 2: Stakeholder Collaboration	SFA 3: Export Diversification	SFA 4: Effective Governance	SFA 5: Animal Health and Welfare
Human Resources	8,604,759	3,153,661	3,155,761	5,238,215	8,330,013
Personnel	6,890,107	3,111,661	3,111,661	5,112,015	8,015,613
Materials	1,400	1,400	3,500	59,500	4,200
Board Members	1,623,352	-	-	-	-
Training/Workshops/ Functions	89,900	40,600	40,600	66,700	310,200
Assets	4,481,112	336,974	673,947	1,088,114	3,510,271
Infrastructure	2,808,593	234,049	468,099	702,148	1,180,710
General administration and office costs	1,672,519	102,924	205,848	385,966	2,329,561
Communication	927,685	673,492	5,166,169	1,185,950	15,742,134
Travelling	41,872	125,617	41,872	628,084	87,150
Project Implementation	-	-	-	-	11,637,850
Agents Commission	885,813	-	-	-	690,450
Marketing and Communications	-	547,875	4,088,260	-	3,326,684
Research and Development	-	-	1,036,038	557,866	-
Stakeholder Contribution	11,456,520	-	-	-	340,200
Bursaries	-	-	-	-	340,200
Unions	11,456,520	-	-	-	-
TOTAL EXPENDITURE	25,470,076.01	4,164,126.58	8,995,877.93	7,512,279.08	27,922,618.95
% Allocation	34%	6%	12%	10%	38%

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The Ministry of Agriculture, Water and Forestry is the main stakeholder of the Meat Board and therefore it is important that this business plan receives the Ministry's full support. Furthermore, this document provides the basis for key role players to give input to the documented efforts of the Meat Board in its attempt to enhance the conditions for the trading of livestock and meat in Namibia.

The Board is ultimately responsible and accountable for the implementation of this business plan and therefore commits itself to annually review and update it to ensure the strategic alignment and successful implementation thereof. Annual reviews will be conducted to monitor progress against what is planned.

This business plan links the delivery of the Strategic Focus Areas of the Meat Board's Strategic Plan with the resources required. It is therefore important that the Strategic Plan is translated and widely communicated to the meat industry and that the strategic objectives and initiatives are successfully rolled out at lower levels throughout the organisation.

The inclusive operational plan contains short-term initiatives for achieving strategic objectives and defines the initiatives that will be put into operation during the the period of the Strategic Plan 2016/17-2020/21.

MEAT BOARD STRATEGIC FOCUS AREAS

- SFA 1: To ensure a sustainable organisation
- SFA 2: To strengthen stakeholder relations
- SFA 3: To maintain and diversify meat market access
- SFA 4: To ensure regulatory control of standards, quality assurance and import/export control
- SFA 5: To ensure advocacy on animal health and welfare on production and market-related issues