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List of Acronyms

AECI	Agencia Española de Cooperación Internacional (Spanish Cooperation)
AGM	Annual General Meeting
FOS	Fonds voor Ontwikkelings Samenwerking
GMP	Grain Marketing Promoter
GRN	Government of the Republic of Namibia
LC	Local Centre
LCC	Local Centre Committee
LMAT	Livestock Marketing Advisor Training
MAWF	Ministry of Agriculture Water and Forestry
NAB	Namibia Agricultural Board
NAU	Namibia Agricultural Union
NC	National Council (of the NNFU)
NCR	Northern Communal Regions
NNFU	Namibia National Farmers' Union
PC	Project Coordinator
RFO	Regional Farmers Organisation
SACAU	Southern African Confederation of Agricultural Unions
SIDA	Swedish International Development Agency

The Word of the Secretariat/Exco

The year 2006 has come to an end. Indeed this was undoubtedly another exciting and an important year for the NNFU.

Since NNFU Congress 2004 the proceeding years has seen a systematic sequence of events to implement a major re- visioning exercise in 2005. Since the establishment of the NNFU, after independence in 1992, the organisation has remained constant and has not been able to significantly adapt itself to its external (socio- economic) environment. Given the ever- changing and dynamic external environment the need was realized to conduct an institutional mapping exercise in order to re-position the organisation and to make it relevant to its new internal and external environment.

This re-visioning process took place from October 2004 till December 2005. The re-visioning process was finalized during the EXCO retreat in December 2005, with an action plan for 2006/ 2007 for the implementation of the National council 2005 resolutions.

As we embark on the new financial year starting in March 2007, there is hope in the future of the NNFU and its contribution to agricultural and agrarian development in rural Namibia. Time has never been conducive like the present for the NNFU to make its mark in the Namibian agricultural landscape. Given the numerous calls by the NNFU members and the increasing need of the Namibian agriculture to be represented under one roof, the NNFU and NAU want to strive for one agricultural union in Namibia. In November/ December 2006, the NNFU and NAU (under the JPC) visited France to investigate possible institutional models dealing with diversity in agriculture.

There is growing demand for a credible data base of the NNFU membership. NNFU will initiate a membership survey in order to develop a data base of its membership. This survey will be carried out in 2007, although it was initially planned to take place in 2006.

Executive Summary: The year 2006 for the NNFU

The year 2006 has been an important year for NNFU. The NNFU has been very active in information dissemination to the donors, partners, farmers and the general public. Firstly in 2006 the radio program 'Farmers Voice' was launched on the Otjiherero language service. Secondly in 2006 NNFU also developed their own website.; www.nnfu.org.na.

At the 2004 NNFU Congress, the membership took a resolution and mandated the Executive Committee to undertake a re- visioning exercise of the NNFU. As part of this process, a publication 'Farming systems of Namibia' is published in 2006. In this publication, the main features, strategies, practitioners, distribution, challenges and dynamics of the farming systems in Namibia are described and emphasized. Another outcome of the re-visioning process was the information week which was held from 21 to 23 August 2006. During this week, the donors, partners, farmers and general public were invited to share experiences and come up with new ideas.

As an advocacy organisation, the NNFU has been active in 2006 in different fields. In 2006 numerous regional and national workshops were undertaken with the focus on minimum wage for farm- workers, agricultural credit etc.

On the sides of capacity building/ business advice unit, strengthening farmers' integration into the market has remained major focus. The NNFU also facilitated funding of 46 agricultural shows in communal areas. In 2006, a major focus of the NNFU was to enable local farmers' associations to capture livestock marketing data in 'Agristat'.

	Main Activities	Comments
Governance central support	<ul style="list-style-type: none"> • NNFU information week • NNFU website • Radio program 'Farmers Voice' • General administration and co-ordination • NNFU National Council • 4 Executive Committee meetings and 1 retreat • Publication 'Farming systems in Namibia' • Participation of NNFU to local and regional events and link with the media 	<p>Sharing information with donors, partners and the general public.</p> <p>Meat prices are announced on the Otjiherero radio services</p>
Advocacy Policy Education	<ul style="list-style-type: none"> • 4 regional workshops • 1 national workshops • 1 information meeting • Green scheme evaluation consultancy • Mass media (200 copies green scheme evaluation report) 	<p>A massive policy education campaign benefiting NNFU members and other stakeholders.</p>
Capacity Building	<ul style="list-style-type: none"> • Training of 15 livestock marketing advisors • Data collection at auction using the Agristat computer program. • Facilitate funding of 43 agricultural shows in communal areas 	<p>16% more shows compared to last year 11 farmers associations active in collecting data in Agristat</p>
Networking	<ul style="list-style-type: none"> • NNFU disaffiliated from SACAU 	<p>Exco decided to disaffiliate from SACAU, as the voice of the small scale farmer is not being promoted.</p>

Profile of the NNFU

What is NNFU

NNFU is a national federation of regional farmers' unions. It was established in June 1992 to serve as a mouthpiece for communal land farmers. Twelve regional farmers' unions are currently affiliated. NNFU is registered as 'An association not for Gain' in accordance with the provisions of section 21 of the Company Act, Act N° 61 of 1973. Official registration number 21/98/529.

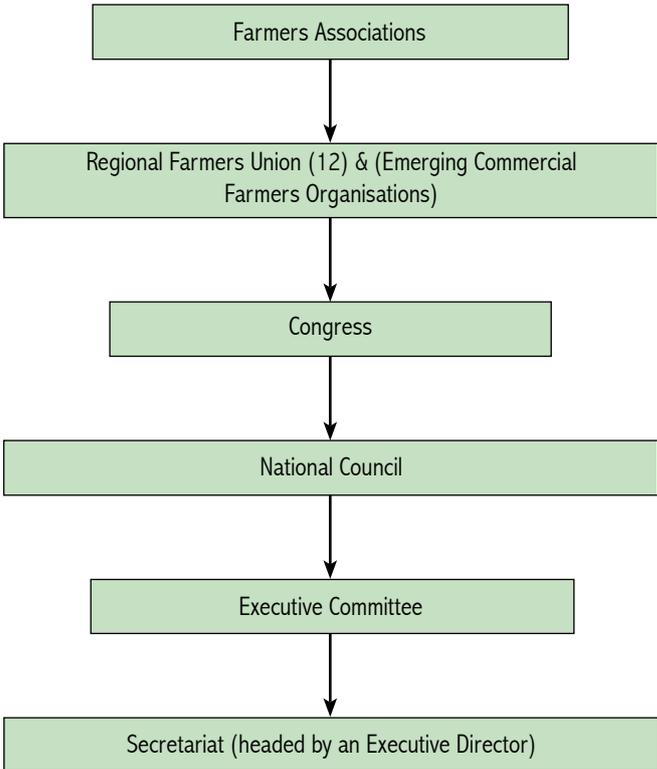
Objectives and Activities

NNFU aims to increase food production for household food security, enhance marketing of farming products to increase household income, increase participation and recognition of woman in farming, contribute to environmental protection and sustainable utilisation of natural resources. To reach these objectives NNFU runs an advocacy/ policy education program that aims to influence national policies, ensures capacity building of farmers and facilitates the launching of tangible grassroots eve projects. NNFU also participates in networks at sub- regional and international levels.

Financing of the Organization

The operating budget is N\$ 1 to 2.5 million annually. Sources of Financing: 40-50% of the budget comes from levy charges paid by Namibian meat producers. The rest is mainly covered by international donors through fund raising efforts.

NNFU Organisational Structure



Governance and Central Support

Introduction

The NNFU governing bodies are the National Congress (meeting every 3 years), the National Council (meeting every year) and the Executive Committee (meeting about four times a year). These are assisted by the Secretariat.

Activities

General Administration and Coordination

The Central Support Unit continues to play an important co-ordination function for the other units of the NNFU. It provides logistical and accountability roles on behalf of the NNFU's Congress, National Council and the Executive Committee.

NNFU National Council (NC)

NNFU National Council has been held from the 26th to the 28th October 2006. This year theme has been: 'Rising above regionalism in preserving unity of purpose'. National Council 2006 reviewed and approved by means of resolutions the action plan 2006-2007 designed during Exco retreat in 2005.

Executive Committee Meetings and Retreat

The Executive Committee met 4 times during the course of 2006 and three of the meetings were combined to coincide with other activities of the NNFU in order to minimize the governance expenditures.

The National Council meeting was followed by the Executive retreat, which took place in December 9 – 13 in Swakopmund. Exco invited chairpersons of regional unions to the Exco Retreat. Part of the 2006 Exco retreat was a team building exercise.

Executive Committee visits to the Region

As usual NNFU Executive Committee members have been present in the regions in various occasions, such as agricultural shows, workshops.

The Profile of NNFU Members

About six regional farmers unions conduct their AGM's annually from the 12 affiliated regional unions. In most cases financial constraints hampers timely organizations of AGM's. All regional farmers unions have action plans. Some are failing to implement the plans, due to financial problems. In 2007, the NNFU will undertake a profiling study. With this study the number of farmers associations including the number of members at local level will be known.

NNFU Re-visioning Process

The NNFU, at its Congress in 2004, took a resolution and mandated the Executive Committee to undertake a re-visioning exercise of the NNFU. The decision was taken behind the background that the NNFU, since its inception, has not undertaken a similar exercise. The NNFU in 2005 undertook a vigorous process of consultations with its members, viz. farmer associations and regional unions in twelve regions. During this process, NNFU developed a typology of farming systems in Namibia through secondary data obtained e.g. National Census Reports, Agricultural Surveys and other national documents. In order to validate the typology, the NNFU, with the financial assistance from the French Embassy, commissioned a study conducted by Mr. John Mendelsohn from RAISON. This resulted in a publication 'Farming systems in Namibia'. This publication was launched during NNFU National Council 2006 by the Minister of Agriculture, Water and Forestry.

In the book the variety of farming systems in Namibia (their main features, strategies, practitioners, distribution, challenges and dynamics) are described and emphasized.

Governance and Central Support

NNFU Information Week

One of the resolutions adopted at the National Council 2005, as part of the revisioning process, was to organize an information week to enlighten and share with our partners our future undertakings informed by the past experiences. The information week was organized from 21-23 August. Every day a different topic was tackled; Support to Livestock marketing, Grain marketing and Institutional Strengthening and Cross Cutting Issues. The Information week was followed by a Donor Round Table Discussion to discuss the issues of future interest of NNFU and its partners and mapping the road ahead. With about 50 attendants every day, it can be said that the information week was a successful event. The ideas and discussions raised during this week will help us to improve our work in future.



NNFU information week, Aug 2006

NNFU Newsletter

In 2006 NNFU produced 2 newsletters as a means to enhance information flow amongst members and with other role-players and partners.

NNFU Website

In 2006, with support of Intermon Canada, NNFU developed a website on the internet. The website contains general information about the NNFU, the contact details and information about the different departments. Reports can also be found on the website, like annual reports, the newsletters. The website address is: www.nnfu.org.na.

Radio Program 'Farmers Voice'

In 2006, NNFU and Meatco took the initiative to develop a radio program, to improve information dissemination to producers around livestock marketing. The radio program 'Farmers Voice' was first on air in November 2006 on the NBC Otjiherero language service. The program is broadcasted once in two weeks; in 2006 four programs were broadcasted. Different agricultural related topics were discussed in the program, like agricultural shows also the meat prices from Meatco were announced in every program.

In 2007 the program 'Farmers Voice' will be intensified and the program will be expanded to other language services, like Oshiwambo and Damara>Nama.

Discussion and Perspectives

Since the interception of the NNFU it has not been possible to capture accurately the number of farmers who are members of local farmers associations affiliated to the NNFU. This is as a result of institutional and administrative deficiencies at all levels of the NNFU organs at local, regional and national level.

To address this issue, the NNFU will undertake a profiling exercise in 2007. With this survey the NNFU will get the number of local farmers associations affiliated to the NNFU and the numbers of farmers who are members of local association.

Challenges

The Governance and Central Department is responsible for the implementation of two donor supported projects namely: FOS support to advocacy and institutional strengthening activities, which has been scaled up for the last 6 years and the French Embassy support to NNFU institutional building initiatives with a low level input after SFEI ended in 2004.

Advocacy and Policy Education

Introduction

Activities reported in this section fall under the following project: 'Strengthening the NNFU in its effort to support small- scale farmers to take advantage of existing Namibian policies, laws, projects and schemes for the improvement of their living standards and livelihoods'.

This project is jointly funded by:

AECI	134,712 Euros (direct costs)
Intermon Canada	76,467 Euros
Oxfam Canada	37,975 Euros (aprox.)
NNFU	60,375 Euros (aprox.)

The project was due to start in April 2004 and end in December 2005. It has partly started in April 2004, became in full swing in September 2004 due to late arrivals of funding and was therefore extended until December 2006. The purpose of this project is to support NNFU in its role of bringing the voice of the small-scale farmers in the discussion and implementation of some key agriculture policies, laws, projects and schemes in Namibia. The target group is made up of small-scale farmers at two levels:

- 1) Family farming producing mostly, if not entirely, for subsistence where different levels of household food security are achieved.
- 2) Family farming producing for subsistence and for the market where market integration varies from poor to good.

The Project Addresses the following Key Areas:

- The involvement of the Namibian small- scale farmers in the design or implementation of key governmental agriculture initiatives.
- The continuous improvement of the analytical capacities of NNFU in relation to the promotion of the small-scale farming sector.
- The assistance to the regional unions in their institutional and organizational processes and implementation of their own programs.
- The provision of training and capacity building to regional unions and local farmers' associations to take advantage of agricultural initiatives.
- Better understanding of small- scale farmers on policies, law and acts that affects them.

Expected results of the Project are:

- Information dissemination within the NNFU regarding key agriculture issues and related policies, laws, projects and schemes is improved.
- Regional unions make effective contributions towards the improvement of the agricultural policy environment through a better understanding of key agriculture issues.
- NNFU (national level) makes effective contributions towards the improvement of the agricultural policy environment through better understanding of key agriculture issues and enhanced capacity for analysis and research.
- Members of the farmers' associations take advantage of the policies, laws, projects and schemes for the improvement of their livelihoods and food security.
- The institutional and organisational capacities of the regional farmers' unions are improved.
- Farmers advocate for policy changes by bringing issues and concerns to the respective authorities.

Activities

NNFU has focussed its policy education efforts on: Communal Land Reform Act, Water Resource management Act, Imposition of export levies on livestock, Minimum wage agreement and the HIV/ Aids Policy.

Advocacy and Policy Education

In 2006 the campaign has included various activities as indicated in the table below.

Activity/ Region	Date	Venue	Participants
Consultative meeting with DEES Erongo and farmers associations	18-19 January	Omaruru	15
Minimum wage workshop for Hardap and Karas	19-25 February	Gibeon	32
Minimum wage workshop for Omaheke region	7 March	Gobabis	17
Minimum wage workshop for Otjozondjupa region	12 April	Okakarara	16
Green Scheme evaluation consultancy	24 May - 15 June	Oshana and Kavango region and Windhoek	More than 20 stakeholders and farmers
Minimum wage workshop for Erongo region	25 July	Omaruru	17
Tsumkwe information meeting for San farmers	11- 13 September	Tsumkwe	39
Annual general meeting Okombahe F.A.	24 October	Okombahe	61
National Agricultural Credit Workshop	4- 7 December	Windhoek	27

Details of policy education activities

Four Regional Workshops

NNFU has organised 4 regional workshops in 5 regions to inform and educate their members about the Minimum Wage Agreement. The meetings in the regions with stakeholders have helped the NNFU to understand the issues and concerns raised by farmers. The NNFU has managed to bring issues to the attention of national authorities for review and to be addressed.

One National Workshops

NNFU organised 1 national workshop for its members on agricultural credit. The workshop was attended by 27 people, including: participants from the regional farmers unions and local associations, NNFU staff, Government civil servants, experts from other Namibian institutions.

The level of participation in the workshops was high, as a result there is assurance that farmers utilize the information they receive which also guarantees the future need of such workshops.

Information meeting

NNFU had one information meeting with San farmers in Tsumkwe. This information session was conducted for institutional building of the san farmers.

Green Scheme Evaluation consultancy

The green scheme evaluation was the first study conducted under the project. It was justified due to popular demand for green scheme national projects but progress was not seen at the national level. With this evaluation consultancy, the NNFU is informed about the progress and challenges of the project and why there were no visible results.

Mass media

200 Copies of Green Scheme evaluation report printed for June 2006.

The NBC languages services were used to spread information messages and also to solicit farmers opinions on various agricultural issues.

Advocacy and Policy Education

Discussion and Perspective

- NNFU head office cannot implement a program of this nature on its own; without the involvement of regional farmers unions and local farmers associations. NNFU is working through regional unions during the implementation of all its programs.
- NNFU ought to be flexible and need to be guided by prevailing conditions that differ from region to region. It is not possible to follow one approach in all regions.
- NNFU should through its institutional support unit embark on a coaching program in order to strengthen regional and local farmers' structures before policy education program can expect effective support by regional and local farmer's structures.
- There will be no impact if the policy education exercise is not actively back-stopped by advocacy and lobby activities.
- The project should provide room for advocacy and lobby in order to influence decision making and policy formulation.

Through its policy education program the NNFU demonstrates the importance of tackling a specific issue from different angle in order to ensure results: national workshop, regional workshop, exchange visits, working with other stakeholders, developing mass media communication tools.

Challenges

Through the policy education project it became clear that NNFU is facing different challenges, as indicated on the next page:

- Regional farmers unions lack institutional capacity to take advantageous programs and schemes offered by NNFU, GRN and other stakeholders.
- Regional farmer unions are supposed to be independent institutions, but they rely too much on NNFU office for support and guidance.
- Farmers' organisations are not advocating for their concerns and problems on their level.
- Policy education does not offer visible/ tangible changes, therefore farmers see advocacy not as a part of a farmers union activity.

Conclusion

However policy education and advocacy remains to play important roles in order to advance the interest of farmers in all sectors of agriculture.

Therefore this unit in NNFU will remain at the centre stage.

Capacity Building and Business Advice

Introduction

This section deals with different programs implemented by the NNFU:

- Livestock marketing advisor training program (LMAT) (Oxfam Belgium funding)
- Support to agricultural shows in communal areas (mixed funding)
- Auction kraal program (MAWF funding)
- Collective grain marketing

Livestock Marketing Advisor Training Program

The LMAT program has since 2002 trained 363 trainees from the original number of 480, which represents 75 percent. An additional 20 trainees will be trained in 2007, to bring the number of trainees to 383 or 80%. In 2006 LMAT trained 16 trainees, at one training session in Otjiwarongo. In 2006, the focus was to support village level training sessions by LMAT.

In order to increase the outreach, livestock marketing advisors are supposed to organise village information sessions. It appeared that the advisors are facing various problems. In 2006, village information sessions were planned to be undertaken in 7 regions, with the support of NNFU. This planned activity was not conducted, due to resource constraints. In 2005, the NNFU with support of the Meat Board has developed a computerized data capturing program, Agristat, on a pilot basis at farmers' association level. With this program, farmers FA are able to capture livestock marketing data (e.g. prices, weight and number of animals). From 2006, the FA started capturing the data from auctions, organized in 2006 in Agristat. In 2006, the Agristat program was rolled out in 11 FA, in 4 regions.



Small stock auction in Omatjete 2006

Collective Grain Marketing

Collective grain marketing started in 2002 with the support from "Support to Farmers' Economic Initiatives" project funded by French Cooperation. Since 2005 after SFEI ended the Mahangu and Sorghum Task Team under Namibia Agronomic Board funded the scheme called "Support Mahangu Marketing Initiatives by Farmers' Organisations". The program is implemented in the six northern regions: Omusati, Oshana, Oshikoto, Caprivi with institutional support to Ohangwena and Kavango.

Conservation Agriculture

The situation that the inherent soil fertility levels, and therefore mahangu yields, were in decline in Namibia's northern areas. This situation is serious, both in terms of farmers' livelihoods as well as the negative impact on food security. Therefore an urgent need to apply improved tillage and general cultivation practices. Thus, it has been decided to introduce conservation tillage practices as developed in neighboring countries but adapted for Namibia's semi-arid condition.

Capacity Building and Business Advice

Activities

Livestock Marketing Advisor Training Program

In 2006, the main activities have been:

- 1 training session of livestock marketing advisors in Otjozondjupa region.
- 1 second training session of livestock marketing advisors in Erongo region.
- An 'Agristat' data collection exercise was carried out to collect the data from auctions of 11 FAs. In 2007, the pilot program will be expanded to Hardap region.
- Otjiherero language service of NBC is announcing livestock prices on a weekly basis. Farmers and livestock buyers view this information very crucial as it inform them of what prices to expect.
- A workshop was organized for regional marketing committees south of the veterinary cordon fence to discuss and share information on livestock marketing in their respective regions as well as to identify critical areas in livestock marketing.

Support to Agricultural Shows in Communal Areas

The project is a national effort by government and the private sector to improve information dissemination regarding livestock breeding and livestock production in the communal areas and consequently improve quality of products, through the adoption of new technologies. The NNFU plays an important co-ordination role. During this financial year there as been an increase of 28% in number of farmers' associations that benefited from the fund (see table below).

Total amount sponsored (N\$) and number of FA's that benefited from the show fund

Year	N\$ (MAWF)	N\$ (Communal Farmers Consortium)	FA
2002	200 000	-	19
2003	270 000	-	26
2004	305 000	200 000	31
2005	316 000	470 000	36
2006	404 100	340 000	43

Collective Grain Marketing

- 82 field visits by GMP in NCR
- 15 field visits in NCR by PC
- 1 monitoring visit to Kavango and Caprivi by PC.
- 1 training session for LCCs, Boards and GMPs at RDC
- 16 training sessions at LCC
- 10 information meeting (total 331 participants)
- 6 regional board meetings
- Improvement of quantitative indicators for mahangu collectively marketed, especially in NCRs but also in Caprivi if maize marketing facilitation included

Capacity Building and Business Advice



Before



After

Collection point before and after construction

- Assuming a total volume of mahangu marketed to millers in 2006/07 between 1000t and 1500t, the collective mahangu scheme (168 t) achieved between 11% and 17% of this total
- Intake of Namib Mills in Ondangwa, of 37%
- LCs in NCRs sold to small millers (often at LCs and grain of lower quality)
- Increase of 80 % of co-operative members participating in the scheme.
- RFOs are putting some of their own (cash & time) resources into the scheme
- GMP scheme seems to represent the way forward for decentralized support to LCs
- Some experienced LCs are becoming more self-organized
- Improved collaboration with AETs/DEES and stronger support from local Councillors in some areas
- Average net price paid to participating farmers in NCRs maintained at around N\$1.50/kg (of mahangu sold)
- Interesting diversification into melon seed (and sorghum).
- Construction of two collection points (storage capacity over 30t each) at Oshitowa (Oshana) and upgrading at Omuthiya (Oshikoto) with funding from MSTT/NASSP, each collection point is equipped with 2 new pre-cleaners, 1 platform scale, 32 pallets & office furniture.

Conservation Agriculture

The NAB, the NNFU and the MAWF agreed to be involved with the Golden Valley Agricultural Research Trust (GART) from Zambia in a SIDA funded project, HIV/AIDS and Food Security Coping Mechanisms amongst Smallholder Farmers. The project is being implemented by Namibia Resource Consultants (NRC) and the Namibia National Farmers Union (NNFU) the project is located in the Omusati region with the Omusati Regional Farmers Co-operative, 20 farmers members of the regional farmers cooperative are participating in the project.

Capacity Building and Business Advice

Discussion and Perspectives

As regard the different programs:

Livestock

- While a significant number of farmers have been trained, the multiplicative effect (training of trainers) remains too limited. NNFU will therefore have to continue support at village level to ensure increased outreach.
- Farmers' associations are increasingly involved in the organisation of mini- agricultural shows. While some associations have become very professional in organising these shows, some others are still lagging behind. NNFU will increase training and exchange of experiences.
- Agristat program should be rolled out to more FA to create a national database

Crops

- Despite some improvements, inefficiencies highlighted last year remain at the levels of LCs, GMPs and RFOs (logistics, pre-cleaning, quality control, delivery delays, transport, recording, financial statements...)
- "Commission" charged (pre-cleaning and marketing services) is too low to represent a significant cost sharing percentage
- Training and support to RFOs and LCs, and back-stopping of GMPs is still needed
- Overall financial sustainability of the scheme remains an issue to be addressed in the coming three years.

The capacity building/ business advice unit, focussing currently on livestock and crop marketing issues is demonstrating the importance of:

- Providing a combination of hardware (infrastructure development) and software (human capacity building) supports.
- Supporting all levels of farmer organisations; local level through support to local events, regional level through support to regional marketing committee a national level through advocacy efforts.
- Remaining flexible and adapting the support provided year after year.

International and National Networking

- The NNFU has been a member of SACAU since 1996. Since our affiliation to SACAU the NNFU has been addressing the prominence of small-scale farmers' agenda with other SACAU members as a matter of concern. While the NNFU recognises that SACAU had up until now limited capacity itself to implement its program, the NNFU is of the opinion that the voice of small-scale farmers is not being promoted vigorously by SACAU.

Given the experience of the NNFU after attending the last SACAU meeting in March 2006 the Executive Committee of the NNFU decided to disaffiliate from SACAU. This decision will be re-assessed in 2007 by Exco. This Exco decision was endorsed by the NNFU National Council meeting in October 2006.

- NNFU is a member of the Joint Presidency Committee comprising the NNFU and NAU. In 2006 the JPC continued to meet on a monthly basis to discuss issues of common interest affecting all Namibian producers. In November/ December 2006, the NNFU and NAU (under the JPC) visited France to investigate possible institutional models dealing with diversity in agriculture.
- NNFU is a member of the Agricultural Trade Forum (ATF). A body made up of private sector institutions with an interest in trade issues. The NNFU membership to the ATF is a critical alliance as it enables members to have a voice on trade issues.
- NNFU is lastly a member of the Livestock Producers Forum the body through which we influence production and marketing related issues in the livestock sector.

NAMIBIA NATIONAL FARMERS UNIONS

(Incorporated Association Not For Gain)

ANNUAL FINANCIAL STATEMENTS

28 FEBRUARY 2007

NAMIBIA NATIONAL FARMERS UNION
(Incorporated Association Not For Gain)
ANNUAL FINANCIAL STATEMENTS
28 FEBRUARY 2007

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NAMIBIA NATIONAL FARMERS UNION
(Incorporated Association Not For Gain)
GENERAL INFORMATION

28 FEBRUARY 2007

COUNTRY OF INCORPORATION	Namibia
COMPANY REGISTRATION NUMBER	21/98/529
EXECUTIVE COMMITTEE	Mr M V Rukoro - President Mr J J Jansen - Vice-President Mr A Kapi - Secretary Mrs M Mahoto - Vice-Secretary Mr D T Murorua - Treasurer Mr B Kandundu - Vice-Treasurer Mrs P Gurubes - Additional Member Mr E Kapembe - Additional Member Mrs R Sindjanga - Additional Member Mr V Tjimune - Ex Officio
REGISTERED ADDRESS	12th Floor, Sanlam Centre 145-157 Independence Avenue P O Box 2558 Windhoek Namibia
BUSINESS AND POSTAL ADDRESS	4 Axali Doeseb Street P O Box 3117 Windhoek Namibia
BANKERS	Standard Bank of Namibia Limited
AUDITORS	Grant Thornton Neuhaus

NAMIBIA NATIONAL FARMERS UNION
(Incorporated Association Not For Gain)
STATEMENT OF RESPONSIBILITY BY THE EXECUTIVE COMMITTEE
28 FEBRUARY 2007

The Executive Committee members are required by the Companies Act of Namibia, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Executive Committee members acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the Executive Committee members to meet these responsibilities, the Executive Committee sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Executive Committee members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Executive Committee members have reviewed the association's cash flow forecast for the year to 29 February 2008 and, in the light of this review and the current financial position, they are satisfied that the association has or had access to adequate resources to continue in operational existence for the foreseeable future.

Although the Executive Committee members are primarily responsible for the financial affairs of the association, they are supported by the association's external auditors.

The external auditors are responsible for independently reviewing and reporting on the association's financial statements. The financial statements have been examined by the association's external auditors and their report is presented on page 4.

The financial statements, set out on pages 5 to 11, which have been prepared on the going concern basis, were approved by the Executive Committee members on 17 August 2007 and are signed on their behalf by:



PRESIDENT



TREASURER

WINDHOEK

**INDEPENDANT AUDITOR'S REPORT TO THE EXECUTIVE COMMITTEE MEMBERS OF
NAMIBIA NATIONAL FARMERS UNION
(Incorporated Association Not For Gain)**

Report on the Financial Statements

We have audited the accompanying financial statements of Namibia National Farmers Union (Incorporated Association Not For Gain), which comprise the report of the Executive Committee, the balance sheet as at 28 February 2007, and the income statement and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 11.

Responsibility of the Executive Committee for the Financial Statements

The Executive Committee is responsible for the preparation and fair presentation of these financial statements in accordance with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium-sized Entities and in the manner required by the Companies Act of Namibia. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Committee, as well as evaluating the overall presentation of the financial statements.

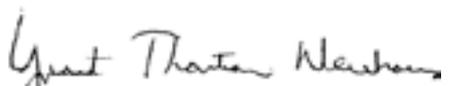
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Qualification

In common with similar organisations, it is not feasible for the association to institute accounting controls over cash collections prior to the initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Opinion

In our opinion, except for the uncertainty referred to in the qualification paragraph, the financial statements present fairly, in all material respects, the financial position of the association at 28 February 2007 and its financial performance and its cash flows for the year then ended in accordance with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium-sized Entities and in the manner required by the Companies Act of Namibia.



GRANT THORNTON NEUHAUS
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Windhoek

17 August 2007

NAMIBIA NATIONAL FARMERS UNION
(Incorporated Association Not For Gain)
REPORT OF THE EXECUTIVE COMMITTEE
28 FEBRUARY 2007

The Executive Committee herewith presents its annual report, which forms part of the audited financial statements of the association for the year ended 28 February 2007.

GENERAL

The association's main activity is to act as a national, non-ethnic, non-profit making and gender sensitive non-governmental organisation, which is committed:

- To protect, advance the interests of communal as well as commercial farmers;
- To promote the development of a viable farming industry in order to improve rural community's standard of living and enhance rural farming industry's contribution to the national economy;
- To liaise with international farmers' organisations and promote by so doing networking, co-operation and representation of farmers' interest at international level.

SHARE CAPITAL

The association is registered as a Section 21 company and, accordingly, has no authorised share capital.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment to the value of N\$39 739 (2006 : N\$492 441) was acquired during the year under review. Otherwise, no further major changes occurred in the nature of the property, plant and equipment or in the policy regarding its use.

STATE OF AFFAIRS AND RESULTS

All matters material to the appreciation of the state of the association's affairs and results are disclosed in the financial statements and do not require further comment or explanation.

The results are attributable to the main activity of the association.

EXECUTIVE COMMITTEE

The Executive Committee at the end of the financial year and at the date of this report is as stated under General Information on page 2.

EVENTS SUBSEQUENT TO THE YEAR-END

The Executive Committee is not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affects the financial position of the association or the results of its operations.

WINDHOEK
17 August 2007

NAMIBIA NATIONAL FARMERS UNION
(Incorporated Association Not For Gain)
BALANCE SHEET
28 FEBRUARY 2007

	Notes	2007 N\$	2006 N\$	2005 N\$
ASSETS				
Non-current assets		662,370	770,535	886,997
Property, plant and equipment	2	662,370	768,535	764,997
Investments	3	-	2,000	122,000
Current assets		221,100	485,673	751,162
Receivables	4	26,534	106,774	1,150
Cash and cash equivalents		194,566	378,899	750,012
Total assets		883,470	1,256,208	1,638,159
EQUITY AND LIABILITIES				
Accumulated funds		333,484	696,429	1,067,365
Governance, Central and Regional Support Unit for Business Advice		(808,366)	(1,002,388)	(612,910)
Unit for Business Advice		(323,608)	(183,895)	(194,632)
Unit for Advocacy and Policy Education		3,129	432,413	808,857
Institution Building Unit		(9,250)	9,388	9,388
EU/Erengo and MSTT/Mahangu Pilot Project		171,005	100,424	75,670
Special Projects - SFEL/French		196,041	98,812	-
Reserve Fund (Short-term)		76,285	158,993	158,993
Special Projects - SFEL/Auction Kraals/MAWRD		167,568	222,002	(38,681)
Capital Reserve Fund (Assets)		860,680	860,680	860,680
Non-current liabilities				
Interest-bearing borrowings	5	301,490	308,541	320,288
Current liabilities		248,496	251,238	250,506
Short-term portion of interest-bearing borrowings	5	10,689	15,721	15,721
Payables	6	222,747	182,600	192,408
Bank overdraft		15,060	52,917	42,377
Total equity and liabilities		883,470	1,256,208	1,638,159

NAMIBIA NATIONAL FARMERS UNION
(Incorporated Association Not For Gain)
INCOME STATEMENT
28 FEBRUARY 2007

	Reference (See page no. for detail)	2007 N\$	2006 N\$	2005 N\$
REVENUE	11	3,434,836	3,058,304	3,986,097
Funding received		3,165,127	2,753,234	3,833,072
- French Mission / SFEI		238,064	251,097	750,000
- FOS		258,019	233,923	208,614
- Oxfam Belgium		285,719	427,475	75,477
- Oxfam Canada		320,550	375,523	1,251,675
- Meat Board of Namibia		1,405,829	674,846	664,886
- Meat Board of Namibia (Auction Kraal)		70,425	533,126	491,500
- Mahangu Pilot Project		265,870	237,926	119,070
- Small Projects: Consortium and ATF		320,651	-	-
- EU Projects		-	19,318	271,850
Interest received		10,964	16,995	20,062
Membership fees		23,500	27,000	36,000
Other donations received	12	235,245	261,075	96,963
EXPENDITURE		3,797,781	3,429,240	4,084,114
Governance Support		503,301	511,874	592,636
Central Support		725,164	552,419	641,210
Equipment and depreciation		132,895	243,903	128,816
Unit for Business Advice		425,432	416,738	274,136
Unit for Advocacy		749,834	751,967	451,358
Financing Regions		163,500	77,500	240,000
Special Projects:				
- SFEI/Auction Kraals/MAWRD		480,369	642,349	1,342,889
- Mahangu Pilot Project		195,289	232,490	79,074
EU Projects		-	-	265,843
Institution Building		159,289	-	68,152
Meatco Programme/Consortium		262,708	-	-
(DEFICIT) for the year		(362,945)	(370,936)	(98,017)
OPENING ACCUMULATED FUNDS		696,429	1,067,365	1,165,382
CLOSING ACCUMULATED FUNDS		333,484	696,429	1,067,365

NAMIBIA NATIONAL FARMERS UNION
(Incorporated Association Not For Gain)
CASH-FLOW STATEMENT
28 FEBRUARY 2007

Note	2007 N\$	2006 N\$	2005 N\$
Cash flows from operating activities:			
Cash receipts from donors and others	3,504,112	2,935,685	4,032,621
Cash paid to suppliers and employees	<u>(3,611,730)</u>	<u>(3,195,145)</u>	<u>(3,913,659)</u>
Cash (utilised by)/generated from operations	A (107,618)	(259,460)	118,962
Interest received	<u>10,964</u>	<u>16,995</u>	<u>20,062</u>
Net cash (outflow)/inflow from operating activities	<u>(96,654)</u>	<u>(242,465)</u>	<u>139,024</u>
Cash flows from investing activities:			
Investment to maintain operations:			
• Investments repaid	2,000	120,000	-
• Proceeds on disposal of property, plant and equipment	-	245,000	-
• Additions to property, plant and equipment	<u>(39,739)</u>	<u>(492,441)</u>	<u>(85,919)</u>
Net cash (outflow) from investing activities	<u>(37,739)</u>	<u>(127,441)</u>	<u>(85,919)</u>
Cash flows from financing activities:			
Interest-bearing borrowings (repaid)/raised	<u>(12,083)</u>	<u>(11,747)</u>	<u>336,009</u>
Net movement in cash and cash equivalents	<u>(146,476)</u>	<u>(381,653)</u>	<u>389,114</u>
Change in cash and cash equivalents			
Balance at beginning of the year	325,982	707,635	318,521
Net movement	<u>(146,476)</u>	<u>(381,653)</u>	<u>389,114</u>
Balance at end of the year	<u>179,506</u>	<u>325,982</u>	<u>707,635</u>
The balance comprises:			
Cash at bank	44,265	141,160	8,098
Cash on call at bank	142,498	229,799	733,974
Cash on hand	7,803	7,940	7,940
Bank overdraft	<u>(15,060)</u>	<u>(52,917)</u>	<u>(42,377)</u>
	<u>179,506</u>	<u>325,982</u>	<u>707,635</u>

NOTE TO THE CASH-FLOW STATEMENT

A.	RECONCILIATION OF (DEFICIT) FOR THE YEAR TO CASH (UTILISED BY)/GENERATED FROM OPERATIONS			
	(Deficit) for the year	(362,945)	(370,936)	(98,017)
	Adjusted for:			
	• Depreciation	132,895	243,903	128,816
	• Loss on scrapping of assets	13,009		
	• Interest received	<u>(10,964)</u>	<u>(16,995)</u>	<u>(20,062)</u>
	Operating (deficit)/surplus before working capital changes	(228,005)	(144,028)	10,737
	Working capital changes:			
	• Decrease/(increase) in receivables	80,240	(105,624)	66,586
	• (Decrease)/increase in payables	<u>40,147</u>	<u>(9,808)</u>	<u>41,639</u>
	Cash (utilised by)/generated from operations	<u>(107,618)</u>	<u>(259,460)</u>	<u>118,962</u>

NAMIBIA NATIONAL FARMERS UNION
(Incorporated Association Not For Gain)
NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2007

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium-sized Entities. The following are the principal accounting policies of the association, which are consistent in all material respects with those applied in the previous year, except as otherwise indicated. The financial statements have been prepared on the historical cost basis.

1.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Depreciation is calculated on the straight-line method to write off the cost of each asset to estimated residual values over its estimated useful life as follows:

- Computer equipment 4 years
- Motor vehicles 5 years
- Furniture and equipment 10 years

1.2 Investments

Investments are initially recognised at cost. After initial recognition, investments are measured at their fair value, without any deduction for transaction costs that may be incurred on sale or other disposal.

1.3 Revenue

Donations and grants are accounted for when receivable.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 Property, plant and equipment consists of:

	Land and buildings N\$	Motor vehicles N\$	Furniture and equipment N\$	Computer equipment N\$	Total N\$
Carrying amount at 28 February 2006	396,361	262,286	57,130	52,758	768,535
At cost	396,361	939,481	148,836	177,204	1,661,882
Accumulated depreciation	-	(677,195)	(91,706)	(124,446)	(893,347)
Additions	-	-	12,949	26,790	39,739
Disposals	-	-	-	(90,848)	(90,848)
Reverse depreciation	-	-	-	77,839	77,839
Depreciation	-	(94,820)	(15,151)	(22,924)	(132,895)
Carrying amount at 28 February 2007	396,361	167,466	54,928	43,615	662,370
At cost	396,361	939,481	161,785	113,146	1,610,773
Accumulated depreciation	-	(772,015)	(106,857)	(69,531)	(948,403)

NAMIBIA NATIONAL FARMERS UNION
(Incorporated Association Not For Gain)
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
28 FEBRUARY 2007

2. PROPERTY, PLANT AND EQUIPMENT (contd)

	Land and buildings N\$	Motor vehicles N\$	Furniture and equipment N\$	Computer equipment N\$	Total N\$
Carrying amount at 28 February 2005	396,361	230,135	72,014	66,487	764,997
At cost	396,361	719,730	148,836	149,514	1,414,441
Accumulated depreciation	-	(489,595)	(76,822)	(83,027)	(649,444)
Additions	-	464,751	-	27,690	492,441
Disposals	-	(245,000)	-	-	(245,000)
Depreciation	-	(187,600)	(14,884)	(41,419)	(243,903)
Carrying amount at 28 February 2006	396,361	262,286	57,130	52,758	768,535
At cost	396,361	939,881	148,836	177,204	1,661,882
Accumulated depreciation	-	(677,595)	(91,706)	(124,446)	(893,747)

Details of the fixed assets are recorded in a register, which may be inspected at the Namibia National Farmers Union's registered office.

	2007 N\$	2006 N\$
2.2 Land and buildings consist of:		
Erf 1229, Windhoek, acquired in 1999 - At cost	368,100	368,100
Improvements 2003	28,261	28,261
	<u>396,361</u>	<u>396,361</u>
The directors have estimated the market value of the property at N\$400 000.		
The property is bonded as in note 5.		
3. INVESTMENTS		
Shares		
• National Federation of Micro Finance Institutions (NAFEMI)	-	2,000
4. RECEIVABLES		
Ngatsiuanne Farmers Union	-	1,040
Otjohorong Kondjee FA	-	8,002
Mrs Swarbook/Beukes	600	650
SSF Network	21,298	90,923
Staff and sundry debtors	4,636	6,159
	<u>26,534</u>	<u>106,774</u>

NAMIBIA NATIONAL FARMERS UNION
(Incorporated Association Not For Gain)
NOTES TO THE FINANCIAL STATEMENTS (Contd)
28 FEBRUARY

	2007 N\$	2006 N\$
5. INTEREST-BEARING BORROWINGS		
Loans in favour of Standard Bank Namibia Ltd, secured by a first mortgage bond over the land and buildings of the company, repayable over 20 years in equal monthly instalments of N\$4 219 (2006 : N\$4 218), bearing interest at 12,5% (2006 : 10,75%) per annum.	312,179	324,262
Less: Short-term portion repayable within next twelve months, transferred to current liabilities	(10,689)	(15,721)
	<u>301,490</u>	<u>308,541</u>
6. PAYABLES		
Staff pension deductions	12,163	18,008
Creditors and accruals	210,030	164,592
Regional	554	-
	<u>222,747</u>	<u>182,600</u>

NAMIBIA NATIONAL FARMERS UNION
(Incorporated Association Not For Gain)
NOTES TO THE FINANCIAL STATEMENTS (CONT)
28 FEBRUARY 2007

	<u>2007</u> N\$	<u>2006</u> N\$
5. INTEREST-BEARING BORROWINGS		
Loan in favour of Standard Bank Namibia Ltd, secured by a first mortgage bond over the land and buildings of the company, repayable over 20 years in equal monthly instalments of N\$4 219 (2006 : N\$4 218), bearing interest at 12,5% (2006 : 10,75%) per annum.	312,179	324,262
Less: Short-term portion repayable within next twelve months, transferred to current liabilities	<u>(10,689)</u>	<u>(15,721)</u>
	<u>301,490</u>	<u>308,541</u>
6. PAYABLES		
Staff pension deductions	12,163	18,008
Creditors and accruals	210,030	164,592
Regional	<u>554</u>	<u>-</u>
	<u>222,747</u>	<u>182,600</u>
7. TAXATION		
The association is by virtue of its incorporation, exempt from the payment of taxation and, accordingly, no provision for taxation has been made.		

NAMIBIA NATIONAL FARMERS UNION

(Incorporated Association Not For Gain)

NOTES TO THE FINANCIAL STATEMENTS (CONT)

28 FEBRUARY 2007

	Governance, Central and Regional Support	Unit for Business Advice	Unit for Advocacy and Policy Education	Institution Building Unit	Mahangu Marketing Scheme/ NAB	SFEI/French NS	Reserve Fund (Short-term)	Auction Kraals/ MAWRD	Capital Reserve Fund	Total
	NS	NS	NS	NS	NS	NS	NS	NS	NS	NS
FUNDING RECEIVED	1,933,557	285,719	320,550	140,651	265,870	238,064	180,000	70,425	-	3,434,836
Meat Board of Namibia	1,405,829	-	-	-	-	-	-	-	-	1,405,829
FOS / Belgium	258,019	-	-	-	-	-	-	-	-	258,019
Oxfam Belgium	-	285,719	-	-	-	-	-	-	-	285,719
Oxfam Canada	-	-	320,550	-	-	-	-	-	-	320,550
French Mission for Cooperation	-	-	-	-	-	238,064	-	-	-	238,064
Small Projects: Consortium and ATF	-	-	-	140,651	-	-	180,000	-	-	320,651
MAWRD / Auction kraal	-	-	-	-	-	-	-	70,425	-	70,425
Regional Unions	23,500	-	-	-	-	-	-	-	-	23,500
Bank Interest	10,964	-	-	-	-	-	-	-	-	10,964
EU/Mahangu Pilots	-	-	-	-	265,870	-	-	-	-	265,870
Sundry income	235,245	-	-	-	-	-	-	-	-	235,245
EXPENDITURE INCURRED	1,739,535	425,432	749,834	159,289	195,289	140,835	262,708	124,859	-	3,797,781
SURPLUS/(DEFICIT) for the year	194,022	(139,713)	(429,284)	(18,638)	70,581	97,229	(82,708)	(54,434)	-	(362,945)
OPENING ACCUMULATED FUNDS	(1,002,388)	(183,895)	432,413	9,388	100,424	98,812	158,993	222,002	860,680	696,429
CLOSING ACCUMULATED FUNDS	(808,366)	(323,608)	3,129	(9,250)	171,005	196,041	76,285	167,568	860,680	333,484

NAMIBIA NATIONAL FARMERS UNION
(Incorporated Association Not For Gain)
NOTES TO THE FINANCIAL STATEMENTS (CONT)
28 FEBRUARY 2007

	<u>2007</u> N\$	<u>2006</u> N\$
DONATIONS AND DISCOUNTS		
Sundry income		
Agronomic Board - Donations	157,051	60,007
NASSP	-	46,279
General donations	75,694	152,289
Karakul Board - Donations	<u>2,500</u>	<u>2,500</u>
	<u>235,245</u>	<u>261,075</u>

