**B1 – Interview developmental bank Agribank – 17-01-23**

**And I want to start so you've introduced that you're working at the advisory services here at this department. Could you explain a bit little bit more about the activities that you do here in this department?**

Okay. Yes, the department is marketing and customer strategy. So but the division that I'm representing is advisory services, agreement, basic services. So we offer training to farmers and we also mentor them. Like some farmers, the clients of the agribank that work along are attached to a mentor for a period of three years, so they work together until that farmer is now able to stand on his own in terms of production knowledge, etc. So it's not only clients that we are targeting but any other farmer in terms of training. Now, we can also offer training to any other person on the farm. And, yeah, we have quite a lot of platforms that we use to meet with farmers, farmers information days, evening lectures, for those that don't have time during the day, we also engage with stakeholders, where we also sit and maybe discuss issues in the sector and maybe plan together. So there's various platforms that we use.

**And what type of trainings do you do?**

Yeah, livestock management, so that is health and nutrition, etc. range land, or distribution, management, grazing management, and also financial management, even labour administration. So all aspects with regard to farming, we cater for the poultry, crops, integrated farming, diversification, we touch all aspects of farming.

**What type of loans do you provide for the farmers? And are there different different types of?**

Yeah, there are different loans, loan types, as many have indicated. So loans for livestock purchases for Lent/rent, buying a farm. Even like for charcoal production, buying farm equipment and machinery, like tractors, maybe plowing implements inputs? Yeah. So there's quite a couple of things that we finance.

**From your experience in doing these trainings and working with farmers, what would you say are the biggest challenges for farmers in this country?**

Just credit, the finance It's a problem. Even though you bring an idea to a farm, but if we implemented it might need financing, or maybe it may need equipment or materials that will need financing. So we have commercial farmers. So those farmers in our diversive areas, tightened areas, and then we have communal areas. So those are the that you can class them with either subsistence, or those are the small scale producers, whereas the commercial ones that are massively producing, who are commission trained and so forth. But they have different needs and challenges. So in communal, these people, the area is open for anyone, the animals are roaming around grazing anywhere where they want, so there is no control, etc, even they are sharing water points, they are sharing grazing. So there are limitations in terms of even demarcations of canes and so forth. So it has to be in an open. The commercial they have the rights to the land; they can do whatever they want. But the main challenge is finance.

**Finance - Is it specifically a challenge for the communal areas?**

Well, yes. You know, the sense that they are, they're confined into a smaller area, and they have to also enhance their production. The area is not growing, but they have to ration how would they do that? It's either when they will be invested in fodder production. Maybe improve quality, redeeming qualities. They need expensive tools, for example. You know? Everything's a little bit on finance.

**How does agri bank address those challenges of accessing finance?**

Our government has different institutions that offer different kinds of assistance to farmers, with the Ministry of Agriculture that they have their own programmes or schemes to help. Agribank gives advancement loans to farmers. But then then there are criteria that should also be met. It doesn't mean that if Agribank doesn't give a loan to you, then you are cut off from any developmental initiative. There are other projects within other institutions that can also chip in. So it's like a complementary type of support to allow farmers. But in our case, we give loans to communal farmers who do not have collateral or any form of security, but will just depend on their livestock or crop fields and so forth. For commercial farmers we give loans, giving the commercial farmers security or house security, even those that are employed, also can use their salary as the security as well. So poor farmers, they are supported in different baskets. Those that have security and those that don’t. Projects that can be financed, depending on the business plans and so forth.

**So is it possible for communal farmers to form like a group and then ask for a loan?**

As a cooperative, yes or as Business, yes.

Yes. How ever there is emotion around in terms of finding cooperatives. Because in the past, we have seen that when you have a cooperative, you get the money as a group. However, the administrator of that money is one person. So we're finding difficulties in terms of repayment, so the person has to collect funds from the different people. So the repayment is not not really lucrative for the bank. So we're trying to find ways on how we can fund cooperatives in the future.

Yeah, it's it has been always a challenge. Yeah, cooperatives, they can be easily formed. But then sustainability or continuity becomes a problem because of individuals acting differently and so forth and due to misunderstandings? It's becoming a risk.

**We also heard that there are resettlement farmers. Do you also have a lot of specific programmes for those those farmers?**

First, they are given presettlement training for their settlement. So it's new now. Not in the years that they started. But currently, it has become a must now. We provide them with pre settlement training. And it's us that offer the training (Agribank) but then they also have a loan package for themselves. But it's specifically meant for them that they take the moment they are settled, they can automatically qualify for that package.

**You mentioned that you also provide loans for charcoal production and that that's new since when we you since when you do that?**

The charcoal product was approved sometime last year. And we've been trying to, like advertise a product to farmers as a byproduct that they like to enhance the income streams Is really for the ones that are in like in one of the central areas. We are trying to encourage that so there are charcoal associations oandfunctions and Yeah, and so, there are a couple of loans in the pipelineone. One has been diversity, but they are coming into the pipeline. So for charcoal, we finance charcoal producers and charcoal processors. So the people that actually have the funds and the the capital, and we the people who process the charcoal. So we have those two sets of clients. Yeah. And then we also finance machinery for the processers, and then the charcoal producers but also finance like shelter equipment for the employees and stuff like that.

**So I was asking about the challenges for farmers. You mentioned access to finance and what other challenges do you come across?**

When you talk of communal farmers? Yes, finance is number one. And also that the grazing availability is a problem. So it's either the area is small, or it's also encroached. And then the biggest concern or cry that they have is that they're not allowed, policy wise, allowed to debush or to remove bush for commercial purposes, not yet allowed. So but there are some, there's been a push and pull from the beginning – at first they were allowed to wood. They were stopped in the middle of somewhere there, but now it's continuing in some areas. The charcoal was also allowed at some point, but then there were some, some farmers that took advantage of the situation and they misuse the opportunity. So it was stopped. So now it has to go through some structures where every community or communal area should have a community forest that is gazetted by government. So it's like more of a formal structure that will now monitor these activities of Bush harvesting and so forth. So, so many areas, many regions are still in the pipeline, in accomplishing their milestones in terms of establishing community forest. So But then, the challenge remains that the grazing areas have lost value and heavily encroached. And for them to act, they have to wait for this whole process to be recognised as community forest to be able to have access. Access to the bush products.

And then equipments. Also a challenge. In terms of machines that they can use to clear bush it’s a challenge. Even to lease them out, it's a problem.

In terms of commercial, it's also equipment and finance. costs. And maybe also the methods, harvesting has been a challenge to farmers. Yeah, some are using mechanised methods, which also have advantages and disadvantages. Some areas that have been cleared, there's a lot of regrowth. So not managing that the aftercare - is somehow a problem. Yeah. So but it's all about the methods which one is more economical? more effective?

**Does Agribank have a say on how they should manage their bush or it just stops at financing.**

We stop at financing. But we have the Directorate of forestry. Ministry of Environment. So they are the ones to monitor. They have to. And us we also have to be comfortable with whatever practice you said, was put there. In terms of harvesting.

Yes, and then also in, in addition to what the Minister of Environment do, obviously, surveys, there's another certification called FSC. It’s not a requirement to be FSC certified in order for Agribank to finance you, however, if you are, your application is more lucrative, because we have an emphasis and and they are very strict off how you will get it. How you cut the bush, how are you work restricted and all that other stuff that they do. So that's also one of the things that we tell farmers, because they would say that it's expensive, however, it's like an advantage to them. And it makes them less risky to give money to.

**And do you also have sustainability criteria when you provide a loan?**

Yes we do have so we will obviously consider what the Ministry of Forestry say and they have a Stewardship Council, then we'll look at the Environmental Management Act. We look at the sustainability and I just encourage people to cut out everything. Yeah, so our loan process is very, it's very complex. Like I mentioned, we are a developing banks. So our mandate to ensure is that wherever we are financing is good for the future. So we don't encourage myself like for example, you just buy cattle and sell everything. So we also encourage the farmers to do rotation and the prevent degrading as well.

But maybe I can show you an image that we're working on - it

is called the bio hub and the idea is that there are multiple communities providing biomass. So in this case, it will be the encroacher bush to a refinery. And in that refinery, we are investigating a technology that can produce a Bio Oil, but also biochar, a water stream and a gas stream which can be used in in its factory. And then the bio oil can be used for the shipping sector. That's what we are investigating in our project. But it can also have other uses. And biochar can also have multiple benefits, like fertiliser or one of purification. And what we're trying to find out here in this context is how, how could this biohub be developed in this context? And how should it look like to add to be beneficial here? What type of services should it offer? So that's, that's what we tried to find out here. **Yeah, so we're wondering how do you look at this concept? And what what benefits do you think it should bring?**

Just from an environmental perspective, we're also looking at like, so like I said, Charcoal was one of the things we started with. And we already having discussions on what else we can add to the biomass. So we also recently added like, safer ways to burn the charcoal to challenge the increase our carbon emissions as a country. But there's a concept whereby they can capture some of the smoke, and they use it for something else. So we are working on stuff like that, just to ensure that when people are burning charcoal, there's not always black smoke in the air. That's also one of the things that we are looking at, in cooperating that into our schemes.

Late last year, we had made some trainings and in collaboration with N-big, also trying to introduce this concept of the wood chips.

And slowly, just gathering information from farmers. How do they think about the product? Or how do they want to benefit in and so forth. So the biggest concern with communal farmers is that whatever projects that should come, they're the ones with the problem. They are the ones with the bush. So the the ownership was what they were crying for. Yeah, because they are being used as suppliers. But then at the end, they don't benefit.. So if you are trying to introduce such products, the problem is with communal farmers, they have the product that you want. So make sure that they also take ownership, so that the message that they send.

So in Namibia here you have communal farmers and the commercial farmers, now the communal farmers have the land just not the product. However, we as a bank cannot take their land as collateral, because the land is required that it belongs to the government. So let's say, for example, a communal farmer gets all these papers in place, and then they can actually produce biomass. It used to be very difficult for them to get financing for processing. Because like for producers we require, like 100% loan to valuation collateral. So those are the hiccups that they have.

Yeah, that's a problem. They feel left out in everything. So they cant be financed, the products taken from their hands, processed elsewhere, benefit other people, so forth. Yeah, even if it can be processed and bring back electricity to them or something. So there should be a return on investment whatsoever.

**You mentioned this community forest. Yes, that that's sort of a way in which they could do this. Yes. Can you explain a bit more how does that work?**

Okay, when when they were given the rights to the permission to harvest wood, to be involved in wood and charcoal production. In terms of management, and also sharing benefits was an issue. So like individuals could just harvest and then just benefit themselves, whereas they're in a communal area. And every resource in that area should be equal. So the stronger farmers could just harvest and just forget whatever they gained from them. So now, the communities or the other people cry that more people are harvesting wood from our grazing areas, that we aren't benefiting anything apart from - in the long run, the grass would come up etc. But then the immediate benefits are just going to struggle. So that's when the government put a stop on that. And then propose that there must be an organised structure that will manage all these activities, where everyone is involved. Like now, if a specific village, forms a committee and a community forest they will have boundaries and so forth. So whatever product is harvested from there should benefit every community. In other words, with committees, , there should be a percentage that goes back to the community fund.

So now, that's really now the forest directory started promoting these community forests Development. And many communities have started. I mean, I think they are they are nine milestones, if I'm not mistaken, that they have to achieve to be registered. Considered is a community forest. And many of them are almost there. So it's more of a structure that will help or avoid disputes in the communities but also make sure that things are managed properly, or bush harvested properly. Correct methods etc so everyone benefits.

**So the community's very aware that this could benefit them?** YES

**So then if these community forest managements are further developed, and all the communal lands, becomes community forest, they will be given same preference when they are applying for some loans as one with FSC certifications?**

I'm not sure about the loans. In fact, the community forests, it's more of making sure that things are done in an orderly manner. And at least whatever is harvested, there's a portion that goes back to the community. So in fact, there will be a management structure. Yeah, that they also have to put how they should manage or benefit.

**Is this organising structures done through the cooperatives or can it also differ per community? How does that work?**

Yeah, for now the starting point is conservancies. So for what I've seen in many areas, they have established conservancies. So now the conservancies are the ones to they are spearheading the community forests, the Development, together with the forestry and Environment Ministry. Yeah. And then the local authorities like the traditional leaders and the local committees. So government saw it very fit in proper if the conservancy was given the right or the power to, to start to go along with startups of community forests. Because they are dealing with the environment already. They know the environmental issues.

**So in terms of benefits, I said that it should benefit at least the people in the communal areas. What other types of benefits do you think this dish should bring?**

Yeah, if a product is harvested and sold, so there's a way for what I've seen in the Dupa area, they have cost structures, that whatever earnings we get from here, if it's 5000, at least, maybe 15% of that will go back into community fund. And so this is the fund that is now being used to maybe manage water resources, water infrastructures. So it's up to the community themselves and management to decide on how should they distribute their benefits.

The community forest has been presented with a loan, okay for agreeing with them, again, if they had to get a loan commercial is always a huge stumbling block, however, as a bank, how are we going to support them? It's like most of the trainings we offer are for free. So when we offer trainings, that area will also include an aspect of training as well. And then collaborating with them as well.

And for what I've seen most in those community forests, or where they are conservancies, we have been engaging with donors. So most of them have received funds or support from donor or NGOs. So that is their biggest support.

Yeah, but then also in the near future, we might have solutions for them. Because you're trying to get a certification from the Global Climate Fund. So we wouldn't be able to give grants, maybe like a minimum amount, and be able to give collateral free loans where repayment can be proven, for example. To be very helpful to cooperatives. Because sometimes, in return, it is proven that, for example, there's a proper management structure when they sell and whatnot, it's just a bit of collateral. So in cases like that, you could give them a loan from the, from the GCF fund.

**What challenges do you see if this this value chain has to be set up here? What challenges could be faced?**

Number one is maybe the location, where if you put a hub, let's say, maybe in a Otjiwarango, for example, there'll be a farmer in another region in Omeheke, for example, that will say, No, the hub is a bit far. So it's all about the distance for them to deliver products and so forth, might be a challenge as well. But then otherwise, the most, the people that will need more engagement and awareness is the communal farmers. They will need to accept any to agree to what is going to happen and how should they be part of the stream? And how will they benefit? So the challenge is just to convince them that the product is worth it and they will benefit. So we need to, just as you said, your social part is very important. Yeah. If they don't agree, they don't understand it's a challenge. So otherwise, the challenge the opportunities there, that there's a lot of bush, they're struggling, they know that it's humbling their productivity. So if there's an opportunity to debush in the area, it's welcome, but how will they benefit? That's the question to ask.

And I see here you have like, the refinery outputs, like the biochar and the oil, and if they have to be produced by the local farmers processors for example. There will be challenges in terms of machinery. And in obtaining the machinery and even if they do get a chance to obtain there is a lot of maintenance too. I feel like there's a skills gap there as well.

It'll be a challenge.

**Do you do you see also ways in which is good harm to harm or like have a negative impact?**

No. As long as you just do your, your trials, tests, and you prove to the people that it's workable. It's environmentally friendly, its economically, socially etc. Otherwise, me is an a rangeland expert. I know it's good. But for a layman and farmer in a communal area would not understand the way I'm understanding it. But so, I think it's all about doing enough trials, tests the products, then create awareness, sufficient enough for people to understand it. So, but it's, it's good. Personally, from my perspective, as a scientist, I like it. Because we need to explore all these problems has been here for many years since I was born. We have to find solutions is we can reboot, but then how do we recover our costs? So there should be products developed from this bush.

**From your experiences there are already some initiatives and projects going on so what are the hurdles and challenges these projects have faced?**

I think it is more of a – yes there has been a biomass fare etc, introducing machinery, training and so forth. But at the end the costs that are involved are the problem. Having access to the machinery, having the skill to debush etc. And also the sustainability.

**So when you say cost you mean investment?**

Yes – and in addition to that there growing concern around the labour treatment of the people that need to work for biomass. Like the working conditions are not good. However that is why applications to Agribank are more lucrative when they FSC certified, because FSC also looks at these things, In terms of the attires that the workers have to wear etc.

On another note in terms of energy generation, we would like to always have to supply like making energy from coal.

There should be standards, in terms of paying the labourers – how much should they get per tonne? So its also like people are working with outdated information or maybe the standards that we use during the trial and error period. So I think there should be proper standards that look into the whole aspects in terms of woking, labours, how much they get, what items should be supplied. Also the cost, and the criteria of selecting the best product. How much is it worth? Some farmers get less or more than other farmers. Those things are not standardized?

**You said the labour conditions- is that for the harvesters or processors?**

Both

**And the contracts are they flexible- or how does that work?**

Some of the contracts are short term contracts, sometimes people are just hired. But then if you FSC certified you are required to have a contract in place. And they are trying to get farmers heads around that to give contracts so that both you and your workers are covered somewhat. So that is a huge challenge. Yes there needs to be sore control there. Most people do things out of desperation. Unemployment is very high in Namibia, so everyone who need to have something to have at the end of the day. The employers take advantage of that desperation. You need a job? Chop that wood for 500. Where if it was under a normal working conditions, it might have been a 1000. There are a lot of hidden things.

**There is a minimum wage right set in Namibia?**

Yes – it is a requirement of the labour act. However, monitoring is a problem. Because some of the farmers only pay cash- stuff like that. That is also one of the reasons why need … Because for us we also do developmental impact analysis where we see that the men that we have given out loans what impact that has on jobs and what not. So, its very difficult for us to determine that number. However it is easier for us if they are like other organizations that have things in place that ensure that things that are done correctly.

Also a concern, the way farmers harvesting. Commercial farmers for example, they own their land. So nobody is there to monitor them. So they harvest each and every tree just to get the volumes that they want. I have seen it it has happened there is no monitoring.

**As you shouldn’t harvest everything from a sustainability perspective right?**

Yes – there are plenty of farmers cutting species just as they want.

**Would the FSC certification cover that?**

Yes that would cover that. There are rules that apply to FSC. That’s because of the rules.

Some people don’t like that because its quick quick cash cash.

One more concern – yes they have farms and they are producing wood. But then they do not legally harvest wood but then theres an agent that comes and sells under another name. So you are not recognized. So they owner seems like the middle person. That has been a concern. The ownership. You buy from me for 10 dollars and then sell for 50 dollars with your name on it.

**So we would also like to understand the different stakeholders involved and how they are involved. So we have made this grid based on the power position interest in participating in a project like this. And what the relationship in this. What is their positions in terms of power and interest?**

We as agribank are part of the basket – the government through its ministries and other institutions like N-big. We also have a MOU. We have sharing of resources, trainings we have been collaborating. We have charcoal associations, farmers associations, processors, transport people, the traditional authorities. So we have a lot of stakeholders that are helping the picture.

**And where would you put these stakeholders in terms of power and interest?**

Obviously the ministry will be government institutions will have high power and high interest, we as agribank as well. The charcoal association the same high power high interest. N-big as well as they are also involved in policy and they advice the government – high power high interest.

Energy producers, like nampower, that use charcoal for energy generation are also stakeholders.

So we have the local institutions like the conservancies also high power high interest, farmers associations as well.

**So do you think the conservancies have high interest/high power because high interest is one thing where they want do things. But the power is where they have control to do whatever they things they need. For example, CCF, communal farms, the want to harvest and perform debushing activities can they do them freely? No – that means they are regulated so that means they want to do something but they don’t have the full power to do it. So in that case they have high interest but low/medium power. So can they really do it?**

Then maybe to be specific, they have high interest because they have the responsibility to manage the resources and form the community forests etc. They are regulators at that level.

45 The farmers associations – high interest – but medium powers. Because they cant take the biomass without the conservancy.

**How would you locate the commercial and the communal farmers?**

They have high interest because they have a problem. They have bush as a problem. In terms of power that is what they are crying about because they don’t have it unless they have a structure.

**So one of the value chains for loans you were investigating was charcoal, there also other new value chains like feed or power from woodchips? Is that something you are looking into those things for in the future?**

For example we are part of the steering committee of BCD. That is gives us information about bush products and value chains that are being developed. From there that is where we show our interest. Then we investigate further how we can fund it and so forth. In terms of bush feed for example we are dealing with farmers and they have drought in times and they need inputs like fodder for their animals, and if bush feed is an option and it is commercialized we can finance it as an input.

You were talking about collateral as an issue and that communal farmers don’t have that. In India they have a set up where you get a loan for land or equipment and its under the banks name. And once the debt has been repaid then the land changes ownership from the bank to you. Do you think that is something that could work here?

Yes there were ideas of certain nature. Yes you buy a tractor and then you finish the loan but then the issue is the management and the maintenance of tractor. In which state will the tractor get back to me? There are discussions going on to the advantages and disadvantages. The machine that is operating the wear and tear is ongoing and it is losing value.

**What about if Agribank provides a service like leasing equipment or renting out tools. You have it as an asset to you. And then the local and commercial farmers can rent it out or lease it from you.**

We are not doing it but it is an idea that one can think of.

**Then Agribank has a lot more capacity to buy the equipment etc. As it is not as profitable to buy it as an individual. Is it feasible do you think?**

It is something to think off. What is currently happening- one case study for example. There were trials in an area of machineries doing bush harvesting and feed. It was through N-big and the university the machinery that was there. Now the communal farmers are allowed to lease from the conservancies. So they lease from the conservancies. Otherwise also if you tell agribank to own equipment it is also in competition with the people that get a loan to buy machinery.

Maybe in another case the communal farmers will probably never be able to do that so then … so its something to think about. When it comes to equipment it is important to be suitable for the work that needs to be done to accommodate the many different farmers. Maybe we could start packages from them if you get involved in bush control for example. In this case this is the equipment that you need at this cost etc. Its all about the equipment that is available.

**Is agribank aware of the project from N-big for the biomass industry park? And as we speak it is not running now due to hurdles. And one of the many common challenges people have reported for projects related to biomass that once the funding is over the project becomes stagnant. Do you think agribank will pitch in – in that point of view even though it doesn’t have the capacity right now. But could do capacity building to finish those last steps of a project? Because at the end of the day it is going to benefit farmers as well. We are not providing services directly to the farmers but if you invest in these projects in can indirectly benefit the farmers – so what’s agribank point of view?**

So as an example, you are talking about the biomass hub, that it did not materialize because of the funding. We have been invited to the fair and partners with N-big. So there are many things that can cripple such project. You can have a group of stakeholders collaborating together even putting funds together but then if they are also other stakeholders that see it as antagonistic to what they want to do – it may not be supported. Agribank is part of any project that is sustainable. So discussion that is leading to sustainable – we will be there. Then we will look how we will support it, is it in terms of capacity building, funding or should we rope in other stakeholders to support so it depends.

Probably the next potential step, who will be investing and participating in those kinds of projects and pilot projects are the ones that will act as proof of concept to gain the trust of local farmers and once we have it. But for having the project we can get foreign investments but even if the local want to invest in those kinds of local projects it goes a long way.

No we are open to partner with any project that will improve livelihoods, that is sustainable. Maybe another issue to projects life cycle or sustainable. Institutions come from Europe with money and they have project for 5 years they finish their money and the project dies. When this project is dying slowly, they start another project. Then the farmers get confused which project they should take on – is it this one that we will need to revive or leave it to die and start this other one. So that’s an issue. So they get very confused so you must not bring all of them at once. Let them adapt to it and see results and let them grow confident before introducing another project. Or they should be parallel, but they should not compromise their time and money.

“Having such a project where you have multiple stakeholders and partners but not everybody will be on board once it is realized because some stakeholders might be antagonistic towards the project. That is something that we are trying to address here. With our project the charcoal associations might not be very happy with it because we are going to compete them. That is something we need to address.”