



Annual IGS Cosmetics Progress Report

on

the execution of Annual Operational Plan 2020
Completion of implementation of IGS 2016-2020



NANCI

NAMIBIA NETWORK OF THE COSMETICS INDUSTRY

Name of Industry: Cosmetics

Timeframe considered: From 2020-01-01 to 2020-12-31

Name of Industry Growth Facilitator: Dagmar Honsbein



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I. Overview of Annual Operation Plan for Financial Year 2020

State the key interventions as per Intervention Area of the IGS for the year 2020 as they were prioritised after the first stakeholder meeting.

The key intervention areas were laid down in the IGS 2016-2020, and signed off by the Minister of Industrialisation, Trade and SME Development in 2016. For 2020, the Steering Committee guided the annual operational plan (AOP) 2020 in their Q1/2020 meeting as follows:

KPI 1 - Sustainable Development of Namibian Natural Resources for the Cosmetics Sector:

Establish a Business directory and documentary on resources, including sustainability thereof. Also provide Fact Sheets for the most important natural resources of Namibia for the cosmetics sector should be published, if financially possible offered in English, German and French.

KPI 2 - Increased access to local markets and export opportunities: provide exposition and sales options for NANCi members products, combined with creating shelf-space in local retail outlets; make international sales presentation possible; partnership events; Export promotion and sales events, such as;- NTE2020; Africa Free Trade Expo, Oct2020 (Ruanda); VIVANESS, Feb2020 and Feb2021 (Germany); SIAL, Oct2020 (France); Product Photography Workshops.

KPI 3 - Technical Support, Services and Capacity Development to enhance production (also to be considered in line with KPI 1 & 2): provide for expert services to upgrade and scale cosmetics production, by offering workshops on relevant themes, like GMP and certifications (organic, natural cosmetics, sustainability, etc) for ingredients and end products; activities that support business development, like export readiness; development of ingredients standards, like GACP.

KPI 4 - Sector Governance to foster exchange and cooperation among industry stakeholders: formalise the NANCi as an association, with finding the appropriate form of association; clarify matters on ABS compliance; organisational development (website, social media, financial management, etc.); follow good governance principles.

2020 Key Performance Areas approved by SC

KPA 1: Resources	KPA 2: Market Access	KPA 3: Production	KPA 4: Stakeholders
<ul style="list-style-type: none"> ☞ Business Directory Update ☞ Fact Sheets, and translations 	<ul style="list-style-type: none"> ☞ Shelf & Export Readiness ☞ Vivanness, Feb 2021 ☞ Product Photography and Display Workshop ☞ [NTE2020] 	<ul style="list-style-type: none"> ☞ GMP ☞ GACP Plus Standard ☞ Organic certification – ingredients & end products ☞ Ingredients & products standard ☞ Testing facilities ☞ Business development 	<ul style="list-style-type: none"> ☞ SC Meetings ☞ AGM ☞ NANCi formalisation ☞ Organisation development: financial management, Website, etc. ☞ Social media campaigns ☞ ABS matters (via GIZ BMCC and BIA)



II. Main Activities Conducted in 2020 and Milestones Achieved

KPI1: Business Directory and Documentary on Resources; 14 Fact Sheets

A NANCi Business directory was delivered. In 2020, the directory published information on 25 NANCi Members, which grew to 32 Members providing health and beauty products which are shelf and to a great part export ready. Also the directory presents information on some 20 natural resources. Different to the previous directory, all companies listed, are now registered either as CC or NGO. This means, also the SME scaled their operations from being mere informal operations to being registered enterprises.

14 Fact Sheets were presented detailing indigenous natural resources, incl. information on technical and safety data of such resources. The fact sheets are available in English now. ToR were presented for translations into German and French. However, neither had GIZ ProBATS nor NANCi funds to contract for the work. NANCi members capable to do the job were requested to assist. However, they were of the opinion that the work requested, was more than what could expected equivalent to *pro bono* contribution. SC is still of the opinion, that members should assist here in a *pro bono* manner. The *pro bono* contributions coming from SC members towards NANCi are also a lot.

The NANCi Business Directory and Fact Sheets, are available in English, on the NANCi Website at www.nanci.biz.

The Global Business Network (a subsidiary of GIZ) has published two cosmetics sector briefs for Namibia, one in English and one in German. They can be downloaded from the NANCi website at www.nanci.biz.

The Namibian resources (and ingredients) feature, as already planned and tendered in 2018 and 2019, could still not be implemented due to resource constraints. Should this be implemented now, a new tender needs to be launched.



KPI 2: Build local markets and export opportunities

NANCI built the Brand 'Cosmetics *Made in Namibia*' and 'OUTLET by NANCI' during 2017 to 2020. This brand was subsequently used for various marketing activities. The 'Cosmetics *Made in Namibia goes global*' brand was used for export related marketing activities. 'OUTLET by NANCI' was used for local, retail or consumer oriented marketing activities.

Due to the C-19 pandemic, many activities planned which required physical contact of people had to be cancelled. Only two events were maintained, the VIVANESS 2020, which took place in Nuremberg, Germany in February; and, the Namibia Tourism Expo, which took place in Windhoek, in November.

Participation at the African Free Trade Expo (Ruanda, September 2020) and SIAL (France, October 2020) had to be cancelled. Planning for participation at the VIVANESS 2021 was on-going, but this trade fair was cancelled in November 2020. It was mentioned that an eVIVANESS Platform would be offered instead.

In conclusion: the C-19 pandemic has negatively affected business for NANCI members, and consequently also for NANCI as an organisation. Except for the two occasions where NANCI could offer sales platforms to members, all other events had to be cancelled, thereby negatively impacting NANCI to generate income for its activities.

Event	# NANCI participation	Turnover generated (NAD) by members	Income for NANCI	Costs, sponsored by GIZ (NAD)
Namibia Tourism Expo, November 2020	13	45,072.50	13,252.25	30,000
VIVANESS 2020, Nuremberg, Germany	10	B2B fair; no sales to end-users	96,800	450,000
NCCI AGM, 27 November 2020	4	±NAD1,000	--	--
Mini XMas market (ie mini Outlet by NANCI) – pilot co-hosted by the ladies of the Windhoek Farmers Association during a mini seminar	7	±NAD3,000	--	--



KPI 3: Improve quality of products (precursor; focus on ingredients) and set processing standards by introducing export readiness and GMP/GACP.

Due to lack of budget, the SES was requested to provide expertise by directly working within the companies. Some 20 NANCi members indicated the need for assistance. The experts were recruited.

One expert for export readiness; one expert for GMP. Having knowledge of both are a pre-requisite for even exports to the African markets, notably SA. The GMP expert assumed duty 10 March 2020 and was to remain in Namibia in the companies until approx. end April 2020. However, due to the C-19 pandemic, Dr Hoederath had to return to Germany on 18th March 2020 and could not return until end-2020. Instead, online GMP courses or webinars will be offered during 2021. The calendar of events will be shared with NANCi members.

As the expert on export readiness was scheduled to arrive at end-April 2020, the C-19 pandemic restrictions prevented her to arrive in Namibia. This engagement is being followed up with SES and modalities are still to be published by SES on how the expertise could be availed to NANCi members.

The negotiations for the experts took time, as these are very specialised fields of services where senior experts are not readily available. NANCi is proud to state that the senior expert on export readiness is a MERCK Pharmaceuticals retiree who has worked with ingredients listings for >10 years. The GMP/GACP senior expert is a retiree of BAYER AG, as the pharmaceuticals lab manager.

NANCi participated in an Expression of Interest with the BioInnovation Africa Partnership/Project of GIZ International. NANCi was accorded roughly EUR100k for the period 1st December 2020 to 30 April 2022 to develop the Namibian Good Agricultural and Collection Practices standard for Devil's Claw, short name "GACP+" standard. NANCi coordinates the work, and cooperates with Namibia Devil's Claw Exporters Association Trust (NDCEAT), Givaudan Foundation, Naturex by Givaudan, and the BioInnovation Africa project. Oversight over compliance issues for the standard will be provided by the Union of Ethical Biotrade (UEBT), based in Paris, France.

SC approved that members be assisted with end-product formulations and products testing. In the period July to November 2020, national and international expertise was consulted for this task. During December 2020, Dr. Elsabe Cloete of Cape Aloe was contracted by GIZ ProBATS to assist 7 NANCi members on product formulations to attest these products export readiness. The services will be rolled out as of January 2021.

On product testing for export readiness, GIZ ProBATS will tender the services during January 2021. 5 NANCi members indicated the need for such, and they will be offered to have each up to 5 products tested against compliance with EU Cosmetics Regulation 1223/2009 and as revised on 13 March 2020. Details to this end will be shared with NANCi ASAP.



KPI 4: Governing & coordinating the implementation of the Cosmetics Sector.

Launching NANCi as an association of sorts was decided by members in November 2019. During 2020 NANCi SC worked on a constitution to associate NANCi as a friendly society. The NANCi constitution was approved by seven NANCi Members, and NANCi become formerly associated in September 2020. GIZ ProBATS hired a legal advisor on NANCi's behalf to ensure compliance with national laws and regulations.

NANCi as a friendly society was launched by the Minister of Industrialisation and Trade, Hon. Lucia lipumbu during the Namibia Tourism Expo (NTE2020) on 7th November 2020. Footage of the event can be viewed at the NANCi website <https://nanci.biz/namibia-tourism-expo-2020-media-release/>

NANCi received a waiver on payment of income tax from the Receiver of Revenue in November 2020. For now, NANCi does not have to register for value added tax. However, as soon as NANCi would generate revenue which attracts value added tax exceeding NAD500k annum, NANCi would have to register for VAT and pay such.

NANCi opened two bank accounts; a transactional and trust bank account respectively. The first tranche of funds to develop the GACP+ standard were paid to the trust account on 28 December 2020, totalling EUR11,420 or ±NAD202,000. The transactional bank account will be used for operational income and expenses of NANCi. The balance on this account is NAD107,734 on 11th January 2021.

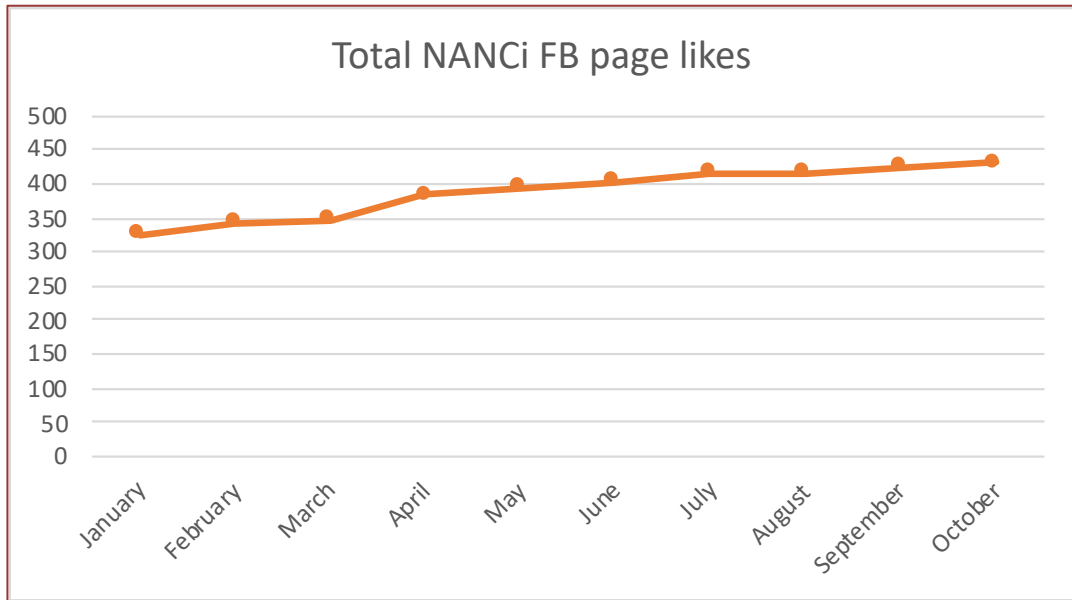
Before, NANCi funds were held in trust with the Namibia Trade Forum. The funds of NANCi were transferred to the NANCi transactional account on 31st October 2020.

The consolidated income statement for the period 1st April 2018 to 31st December 2020 is provided below. The accounts were compiled by the Accounting Officer of the Namibia Trade Forum, who is also the Accounting Officer of NANCi.

NANCi - Annualised				
Income Statement				
[NAD]				
FYE 31 March	2018	2019	2020	up to 31 Dec 2020 2021
Membership Fees		-	-	-
Events Participation		30,990.00	100,480.00	2,716.50
Product Sales		50,727.00	17,676.00	45,097.50
Commission		604.00		
Donations				
Returns, Refunds, Discounts		1,127.50	-	-
Total Net Revenue		83,448.50	118,156.00	47,814.00
Cost of Goods Sold (Payments to Members at Sales Events)		43,807.90	8,994.50	33,486.75
Gross Profit		39,640.60	109,161.50	14,327.25
Expenses				
Advertising & Promotion		-	(9,430.00)	(1,210.88)
Online Presence		(1,552.50)	(1,552.50)	(31,420.00)
Depreciation & Amortisation		-	-	-
Insurance; Deposits		-	-	-
Maintenance		-	-	-
Office Supplies		-	-	(3,867.04)
Rent		-	-	-
Salaries, Benefits & Wages		-	-	-
Telecommunication		-	-	-
Travel, Transport		-	-	(4,140.00)
Utilities		-	-	-
Banking Charges		(2,889.77)	(444.86)	(1,284.24)
Other Expenses		-	-	-
Total Expenses		(4,442.27)	(11,427.36)	(41,922.16)
Earnings Before Interest & Taxes		35,198.33	97,734.14	(27,594.91)
Interest Expense		-	-	-
Earnings Before Taxes		35,198.33	97,734.14	(27,594.91)
Income Taxes		-	-	-
Net Earnings	3,397.50	35,198.33	97,734.14	(27,594.91)



NANCI maintains an active Facebook and Instagram Page. These pages have grown likes by more than 1000% during 2019 and 2020. During 2020, NANCI actively promoted its members and their products on FB. FB is @NamibiaCosmetics or IG @Namibia_Cosmetics.



NANCI received membership requests from Botswana, South Africa and Germany during 2020. The efforts and promotion for “Made in Namibia” reaches far and is recognised widely. NANCI membership stood at some 40 members in December 2020.



III. Overview of Indicators

Please list **all** the indicators as per the Industry Growth Strategy including the overall ones for the vision of the industry stakeholders.

Stakeholders and the Steering Committee had to amend the indicators in 2017. Below are indicators as already amended and assessed for the period 2017 to 2020. The assessment was done by launching a questionnaire among industry members at various occasions. Results are noted with status 30 November 2020. An industry overview (characterisation) indicator was added.

In total ProBATS interventions in the Namibian cosmetics industry, notably business associated in NANCi, led to 104 additional jobs (63 were measured and 40 were estimated) during 2016-2020. Out of the 104 new jobs, 38 were for women and 14 for the youth. At the same time, a total of 1,733 new jobs (13 measured and 1720 estimated) were created indirectly, through multiplier effects or second-tier effects through direct beneficiaries. Out of these 1720 new jobs, 1513 were for women and 500 for the youth.



Table 1: Overview of Indicators as set out in the IGS Cosmetics 2016, for the period 2017 – 2020.

Intervention Area #	Intervention Area	Indicator #	Indicator	Base 2015	Target 2020	Current Value	Comments
COSM1	Sustainable Development of Namibian Natural Resources for the Cosmetics Industry	C1.1	Increase the number of local community members and rural producer groups applying sustainable natural resources management practices	TBD	20%	>20%	a baseline was not determined; however, % given relates to how NANCi members improved their production and we deducted sustainability from there, eg through ABS-like agreements, organic certification like Namib Desert Jojoba; ECOSO dynamics; CRIAA; SEED, !Nara Namibia Natural Cosmetics, EWC/EWMM, etc
COSM1	Sustainable Development of Namibian Natural Resources for the Cosmetics Industry	C1.2	Increase the number of local producers of intermediate and end-products that are making use of sustainably sourced local inputs	20	10	40	increased by 30
COSM1	Sustainable Development of Namibian Natural Resources for the Cosmetics Industry	C1.3	New natural ingredients are used in the cosmetics industry by 2020	16	21	>25	
COSM1	Sustainable Development of Namibian Natural Resources for the Cosmetics Industry	C1.4	The percentage of cost sales returning to communities providing the natural resources as input materials has increased by 10% by 2020	N/A	+10%		the baseline was not determined and due to ABS regulations not being in place as yet, difficult to determine. One can only try and relate what type of CSR was provided.
COSM2	Increased Access to Local Market and Export Opportunities	C2.1	The number of national retailers accessed by Namibian cosmetics precursor and end-product producers has increased by 2020	5	10	>15	the ones we know of; there may be others that were not reported explicitly
COSM2	Increased Access to Local Market and Export Opportunities	C2.2	The number of foreign wholesalers and retailers buying/stocking Namibian cosmetics end-use products or precursor products has increased by 2020	0	5	>10	the ones we know of; there may be others that were not reported explicitly. Also, these retailers/ Responsible Persons stock multiple products of divers producers from Namibia in EU, ZA and elsewhere
COSM2	Increased Access to Local Market and Export Opportunities	C2.3	Number of additional foreign markets being accessed by Namibian cosmetic end-product and precursor products producers	TBD	5	>5	a baseline was not determined; but the ones known to date are A, CH, D, F, I, ZA, ZIM, ANG, ZAM, BW, Ghana,
COSM3	Technical Support, Services and Capacity Development to Enhance Production	C3.1	Number of prioritised technical support service demands of industry stakeholders effectively addressed	2	7	~10	labelling, packaging, GMP, Export Readiness, formulations advice, lab testing, improved production facilities, introduction of standards, organic and natural cosmetics certification
COSM3	Technical Support, Services and Capacity Development to Enhance Production	C3.2	Percentage of companies that make use of additional services and confirm impact of services on product innovation and quality management	0%	70%	>100%	from initially 5 to >15 that are actively involved of the 40 members
COSM4	Sector Governance to Foster Exchange and Cooperation Among Industry Stakeholders	C4.1	Percentage of value chain stakeholders who confirm that exchange and cooperation have considerably improved.	0	60%	>100%	
COSM4	Sector Governance to Foster Exchange and Cooperation Among Industry Stakeholders	C4.2	Number of industry growth interventions successfully implemented under the organized leadership of the industry.	0	2	>2	NANCi is formalised and launched in Nov2020; all statutory requirements are fulfilled; GACP+ standard with ABS provisions to be put in place during 2020-2022. ABS regulations are awaited to be published by MEFT.



Comments:

Over the past 5 years, ie since the strategy for the cosmetics sector was agreed and published (2016) positive trade trends in the sector are noticeable. Imports on HS Code 33 came down from 2018 to 2019 by 1% (on a high trading volume of NAD 2.8 billion in 2019, with a decrease of almost NAD20 million).. Exports in the same period from Namibian increased by almost NAD40 million in 2019 (or 38%, from NAD62 million in 2018, to NAD100 million in 2019). Positive export trends became noticeable in 2018 already (Figure 1). The period coincides with a surge in NANCi members becoming formally registered and noting that they have export ready products available. Namibian producers export to 126 countries.

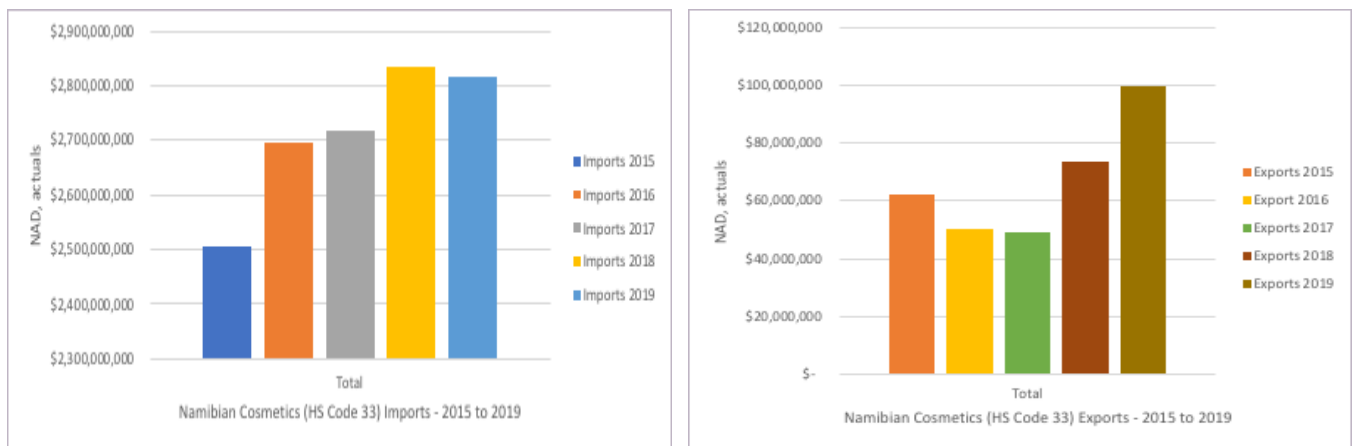


Figure 1: Namibian Cosmetics Products Imports (left) and Exports (right) for HS Code 33 items; 2015 – 2019. Data for 2020 is not available yet. (Data Source: NSA 2020; Graph: D Honsbein)

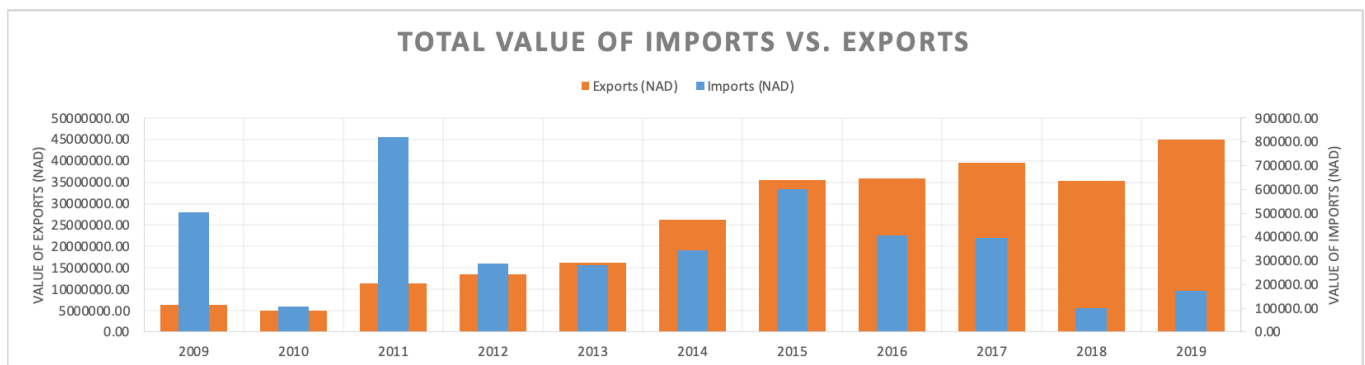


Figure 2: Imports vs Exports (in NAD) for HS Code 12119080 items (Other of kind used primarily in pharmacy, being plants and parts of plants), under which Hoodia and Devils Claw products counts for the period 2009 – 2019. Data for 2020 is not available yet. (Data Source: NSA 2020; Graph: D Honsbein)

Figure 2 highlights the importance the export of Namibian resources for the pharmaceutical industry, exemplified by one HS code only, mostly containing products of Devil’s Claw. The price development over the same period was reported to be rather stable (NSA 2020).



IV. Main Challenges and Opportunities in 2020

Challenges:

Herewith a summary of the main challenges experienced during 2020 while implementing the industry growth strategy.

1. The time availed to IGF to support the industry was limited at 5d/m on average. However, as the industry grows, members, especially new ones need dedicated support.
2. Financial resources of the GRN are so limited that SC members could not hold a meeting outside Windhoek as planned. Also, not once did the assigned MIT official attend an SC meetings.
3. Funding of activities for the sector was limited to 'services'; equipment and related investments is needed but could not be availed.
4. The C-19 pandemic stalled all initiatives until further notice.
5. Agreed activities, and those that were agreed to be funded by the main sponsor GIZ ProBATS, were suddenly no longer funded, impacting the implementation schedule of NANCi strategic intervention further.

Opportunities:

Herewith opportunities the industry was able to use in 2020 and their impact as utilised.

1. In Feb 2019, the IPD and GIZ co-sponsored an IGS Cosmetics delegation to participate in a study tour to the Biofach/Vivaness 2019. From this visit, 3 from the 6 companies became export ready and were able to offer their products during the Vivaness 2020 at the NANCi stand.
2. An EoI on BioInnovation and PPP was published in the local media in 2019. The EoI was shared among NANCi members. A total of 7 NANCi members participated, and the IGF assisted with bids when requested. To date, 5 from the 6 accorded bids are NANCi members. The first tranche of assistance was paid out to most participating companies. A summary of the BIA projects for Namibia is presented below.

EU / international Partner(s)	Local / intern. partner	Resources / VC	Key activities
The Body Shop Gustav Heess Aldivia	EWG/EWMM	Marula nuts / oils	Strengthen resilience: CB for quality improvement & marketing, diversification (clients, resources), ABS compliance
V. Mane Fils	Parceval IRDNC	Subject to research (flavour & fragrance)	Bioprospecting; R&D (literature review to sample evaluation; Awareness building, capacity dev. and tech-transfer), ABS compliance
Naturex part of Givaudan and Givaudan Foundation	Namibia Network of the Cosmetics industry (NANCi) Namibian Devil's Claw Exporters Association Trust (NDCEAT)	Devil's Claw	Develop / introduce quality standards for ethical supply practices (Namibian GACP), training materials, sustainable sourcing, ABS compliance
CRIAA-SA DC	EU company under NDA	Manketti	Extraction, prepare samples, testing, organize communities, ABS contract, marketing

EU Partner	Local/ intern. partner	Resources / VC	Key activities
BlueSky Botanics	NNF KAZA Oils (Zimbabwe)	Various species,	In KAZA and Zambesi Region: develop supply of (new) botanical resources, local capacity of value addition, ABS compliance; novel foods and ingredients
Kambako Energy	SEED Bidvest Foundation	Marula (fruit) for novel food ingredients	ABS compliance and application (bioprospecting), R&D on new varieties, Research on sustainable (harvest) practices, Quality and traceability; capacity building; Platform for EU market linkage



V. Overview of Annual Operational Plan 2021

The below list was vetted by the SC on 6th November 2020, during a strategic review session between SC members and GIZ ProBATS.

SC decided to keep with the key intervention areas, and set new outcomes.

KPI 1 - Sustainable Development of Namibian Natural Resources for the Cosmetics Sector

- Training & Mentorship programmes - check on contents of 'a generic training manual ' where a needs assessment was conducted prior, such also needs to be availed on the website for members
- Set up service package, also for 'new comers'

KPI 2 - Increased access to local markets and export opportunities

Provide exposition and sales options on the below, combined with creating shelf-space in local retail outlets. Assist with post C-19 impact levelling, incl. support to equipment supply and input materials purchasing.

- national, own organised event eg. NANCi sales space at Crafts Centre from March 2021.
- with already organised platforms (Tourism Expo, ePlatform at Vivanness 2021, Outlet by NANCi)
- at international events (to be guided by C-19 measures and resources)
- Partnership events (exchange with EU based companies), Sourcing Conference planned for 15-19 June 2020 in Windhoek.

KPI 3 - Technical Support, Services and Capacity Development to enhance production (also to be considered in line with KPI 1 & 2)

- Monthly GMP webinars (calendar to be published)
- (bi)Monthly export readiness seminars
- GACP Standard
- Support to product formulations, online
- Lab tests for market compliance

KPI 4 – Sector Governance to foster exchange and cooperation among industry stakeholders

- AGM, 22.1.2021, to be on an annual basis each end-January
- Hopefully ABS regulation will be passed by GRN, and thus communities and IGS members and formalise PICs and MATs, thereby deepening possibilities for international trade with cosmetics based on Namibian natural resources.

Below photo shot of how NANCi Council decided on NANCi interventions for the period 2021 to 2023.

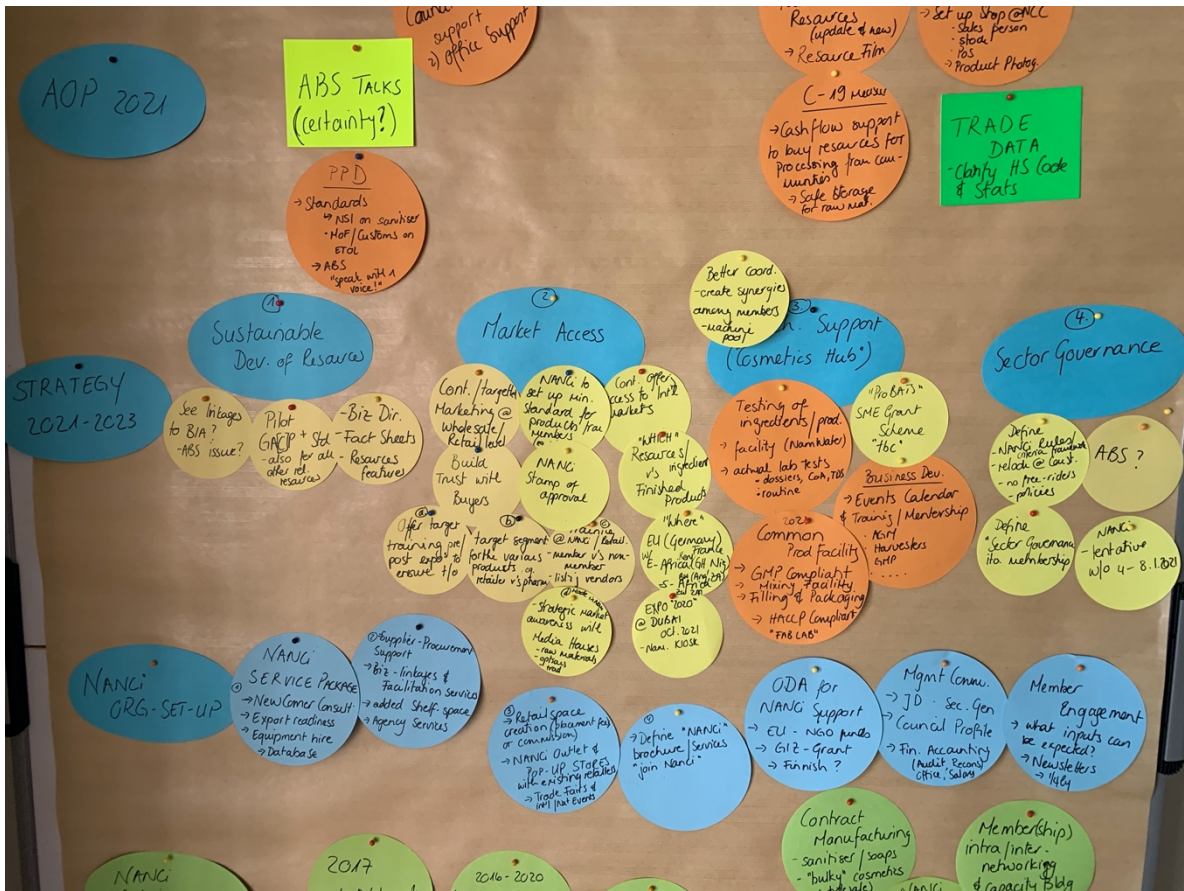


Figure 3: Overview of NANCi Strategy – 2021 – 2023; and Organisational needs of NANCi to fulfil the envisaged Strategy.

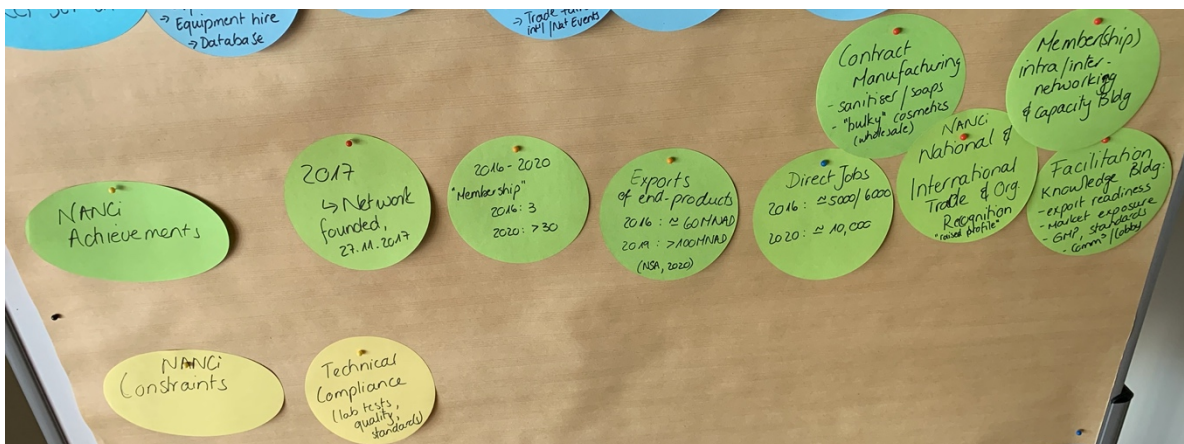


Figure 4: NANCi achievements 2016 – 2020.

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