

Goat trading and youth



Goats in Namibia

May 7-15- Nine day fact finding visit to Namibia to better understand the Namibian goat market and supply chain through to South Africa.

We visited commercial (mainly European) and communal (mainly African farmers) South of Owamboland. All goats are kept exclusively for the South African market with a few being consumed locally.

Because of tensions between the Namibian government and South African government over imports to South Africa, the Namibian government refused to officially meet with us.



Goats in Namibia- Main findings

Very little is known about the economics and numbers of goats in Namibia. No one could give us concrete data.

Namibian government and parastatal bodies have no idea how many goats are officially being sent to South Africa. All numbers we were given differ.

Goat exports to SA have decreased because of veterinary testing and other regulations like having to have an invite from South Africa before sending goats

Each goat gets arduously and expensively tested and certified for Brucella (there hasn't been a case in decades) that are irrelevant if they were going to urban areas to be slaughtered



Goats in Namibia- Main findings

Namibian farmers, both communal and commercial, have no idea how much they are investing in their goats and don't really know if they make a profit

Namibian farmers, both communal and commercial, think their goats are going to SA for breeding. They don't understand the main market is for slaughter for traditional purposes.

The overwhelming plea from farmers and even the Namibian Meat Board would be like to see the middle men cut out and a more direct line from farmer to South African buyer.



Namibian goat numbers

The communal herd is estimated at 2.5 million goats

The official exports to South Africa have been between 150,000 to 1 million to a year with the only controlling factor being droughts and border controls

The breed

Since 1940 s the farmers both communal and commercial have exclusively farmed Boer goats

These goats are large framed but poor mothers and very vulnerable to South African diseases and parasites which they don't experience in Namibia



The monopoly

Farmers take goats to monthly auctions. The auctions are scheduled ahead yearly. Farmers are generally not happy with the auctions and feel they have fixed pricing. They would rather sell their goats from their homes as they get better prices.

There are 5-7 main goat buyers or speculators. These goats are then collected by speculators who seem generally well established white farmers with a lot of power. Some buy young and keep several months so they can make more money.

These speculators mass these goats by about 1000 at a time. They call their KZN contacts weekly to see what they need and get their invite to send the goats to SA. They pay for blood testing and even have their own couriers to pick up the blood and take to vet for testing to expedite the system.



Speculators and auctions

The power the speculators have seems to be in being able to get the veterinary testing expedited.

For a 35kg goat, speculators pay an average of R870 including testing and transport. They buy them at auctions for 650-750 rand for a goat this size.

Some auctions sell up to 2600 goats in a day



Return on Investment for Goat Farmers

A comparison between Msinga, Namibian communal farmers and Namibian commercial farmers

Per Goat	Msinga	Namibia communal	Namibia commercial
Feeding Costs	R40	R45	R55
Vet costs	R50	R30	R30
Herding Costs	0	R50	R0
Breeding Stock	0	R5	R80
Transport (inspection, purchasing supplies and feed, sales)	0	R30	R40
Enclosure	R100	R60	R120
Labour	R100	0	R20
Land	0	0	R30
Water	0	R3	R7.40
Levy Auction	R20	R49	R49
Total Investment	R310	R272	R464
Goat sells for	R1000	R750	R750
Profit	R690	R478	R380
Profit	69%	63%	33%

Profit opportunities

In general, farmers in Namibia have no idea how much they are investing in their goats. However, there is an overwhelming sense that they are being robbed by the speculators.

However, when we started doing the sums, the farmers seem to be the ones making the most profit. See table on the right. These are very rough estimates.

Because they think the goats are going to South Africa for breeding, commercial farmers invest in very expensive breeding rams.

The previous slide shows that the profit opportunities are large with a sympathetic border control system which could be eased with no adverse effects

If we shortened the supply chain, Namibian farmers could be assured about 55% profit still and youth in SA could get about 46%

	Cost	Sell	Profit	Profit %
Namibian Communal Farmer	R272	R750	R478	63%
Namibian speculator	R900	R1100 Estimated selling price to Durban	R200	18%
South African trader (such as Hyper Market in Umlazi)	R1100	R1300 Has 7 days to sell	R200	15%
Proposed shorter supply chain using youth	R700	R1300 Selling directly to SA market	R600	46%

The opportunity

The huge opportunity seems to be for Namibian communal farmers to sell directly to African traders or South African buyers.

With some investment and government support, a more direct goat supply chain could be set up using youth to work the buying systems

This would link African farmers in Namibia directly with alternative markets that are always needing goats like Soweto and Umlazi, etc

It would be a win win for Namibian farmers and for youth part of this program



opportunities

Sales prices in natal so profit incentive need to look at vet softening stance or some short cut – longer term pilot to get goats directly from farmers to sellers in smaller more flexible quantities to more diverse markets

This would include expatriate meat sales hillbrow and yeoville etc



Budget and Way forward

Feasibility study and develop a business plan

Negotiations for streamlining requirements for farmers- vet testing, invite system

Set up a structure to manage this program- an entity and will need a team for negotiations and oversight

Visits to Namibia to set up

Cash float

Sales sites, transport/vehicles

Engage and train youth

Proposal:

20 youth

4 to attend auctions and buy directly from farmers

4 drivers (two to Durban area, two to Johannesburg, need alternating drivers)

8 to manage sales (4 on each site)

2 to manage import requirements

A team to oversee or business manager depending how this is set up



Budget Request

	Year 1	Year 2	Year 3	Year 4
Feasibility study to see where South African markets exist and average sales	R250,000			
Namibian visits to set up project x 4 After first year, twice a year visit for relationship maintenance	R600,000	R200,000	R200,000	R200,000
Travel costs and meeting costs between Namibian govt and SA govt (possibly here in SA)	R100,000	R50,000	R50,000	R50,000
Transport costs for year one, trucks, petrol	R1,000,000			
Semi permanent sales sites x 2	R500,000			
Stipends year one until business takes off and starts making a profit (20x4000x12)	R960,000			
Cash float to start buying 700x4000 goats	R2,800,000			
Management costs for project	R600,000			
Total	R5,810,000	R250,000	R250,000	R250,000

Cost of running business and profit- rough estimate

- If we sold 2000 goats a month x 12 months x 1300- R31.2 million turnover. 1000 to Durban, 1000 to Joburg
- Profit on goats before covering costs- R600 x 2000 goats x 12 months- R14.4 million a year
- Estimated costs from R14.4 million
 - Salaries- R2.4 million (average 10,000 per month for 20 youth x 12 months)- Fixed cost
 - Transport costs of goats (at R80 per goat)- R1.9 million- variable cost
 - Vet costs- R500,000 (with more lenient testing) – variable cost
 - Other overhead costs- semi permanent sales yards and feed- R1.9 million- variable costs
- Possible profit of 7.7 million per year
 - Depending on how the structure is, either the money goes back into the company or goes toward creating more youth jobs in the goat value chain (such as Community Animal Health Workers)

Other possible models- Model B

- In Nongoma, a farmer sells 10 goats a day, every day in town. 70 a week. Around 300 a month. Average price is R1400
- This sort of model could be scaled out to 30 different towns/sites around KZN (Babanango, Nqutu, Nkandla, Ulundi, Mhlabathini, Nongoma, Jozini, Mkhuze, Kranskop, Tugela Ferry, Pomeroy, Danhauser, Ladysmith, Ezakheni, Waaihoek, Hlabisa, Mbazwane, Port Shepstone, Ixopo, Richmond, Harding, Bulwer, Underberg, Winterton, etc.) and Gauteng (Soweto, Kagiso, Alexandra, Attridgeville, Yoeville, Hillbrow).
- That's 9000 goats a month, 108,000 goats a year
- 600 profit per goat (before costs); 64,800,000 million a year!!!!
- 500 goats in a truck. 5 trucks coming a week and distributing to 30 sites (60 youth)

Other possible models- Model B

Costs involved in this model:

- Transport costs of 5 trucks per week- initial investment of vehicles, petrol, maintenance, drivers, insurance
- Salary for 60-100 youth
- Minimal running costs for 30 sites- food for goats weekly
- Management costs for import paperwork, banking, payments, etc.



Nongoma farmer selling 70 goats weekly

Final remarks

- These are very broad estimates based on our thinking but should not be used to draw up a final budget.
- If such a budget were to be drawn up, we would suggest further discussion, feasibility and business plan to be developed.
- However they do give a general sense of the costs one might expect