

SME SUSTAINABILITY PROGRAMME

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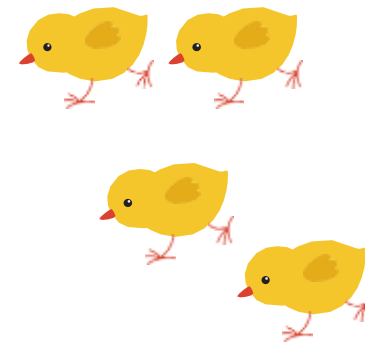
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NAMIB POULTRY INDUSTRIES BACKGROUND



- Est. 2012. Broiler and production operation.
- Only large-scale producer in the Namibian broiler industry.
- NPI employs 720 employees.
- Supply 67% of the Namibian poultry market.



- NPI and Feedmaster implemented a project to sell day-old chicks and feed to small-scale farmers.
- NPI assisted with the establishment of more than 320 SMEs that purchase 60,000 day-old chicks per month.
- The objective is to supply 200,000 day-old chicks per month by 2022 because poultry in Namibia demand exceeds supply.



- SMEs sell 60% as live birds and 40% as slaughtered fresh or frozen value-added products.
- 3 SMEs have grown to include their own abattoirs.



WHY IS POULTRY IMPORTANT FOR AFRICA?

1. Excellent feed conversion: e.g. Cattle 6 and poultry 1.46 kg of feed for every 1 kg of meat.
 2. Climate change and more droughts, make extensive farming unsustainable, turning the farmers into intensive farmers are beneficial for farmers long term.
 3. Poultry is very healthy meat compared with red meat, high red meat diets have been proven as unhealthy.
 4. It is an activity that is often undertaken by women and is even attractive to the youth (stopping them from leaving agriculture).
 5. Poultry production contributes to food security, as it is an easily accessible and affordable source of protein.
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WHY ARE SMEs IMPORTANT?

- The total current monthly economic value contributed by poultry-producing SMEs is estimated to be N\$1,540,000, more than 1,360 tonnes of poultry meat are produced by SME's annually.
- 20,300 tonnes of poultry meat were imported by Namibia in 2020.
- Based on a N\$25/kg local price and a “Social Accounting Matrix multiplier” from a 2018 poultry economic impact study, for every N\$1 spent on locally produced poultry meat, N\$4.42 in GDP is generated in the local economy. This means the total GDP foregone is N\$2.2 billion due to poultry imports.

* 1 NAD = 1 ZAR

SME PRODUCTION

Current SMEs purchasing day-old chicks	756,269	chicks per annum
	1,361,285	kg per annum
	320	SME's that purchase chicks monthly
	1,440	SME jobs (excluding distribution and hawkers)
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Nett imports into Namibia based on Namibian Statistics Agency Data	20,289,437	kg per annum
	1.8	kg weight per chicken
	11,271,909	equivalent broilers imported into Namibia
	11,923	converted to potentially Namibian SME jobs
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- By substituting total imports with local production it could potentially create 12,000 permanent jobs in the informal SME sector.
- This is assuming only SME production substitutes all imports instead of any large scale expansion. Should large scale invest, the jobs would be less, probably about 1,000, but would still be significant for the Namibian economy. Maybe hybrid model is optimal.

CURRENT BROILER CHICKEN SME PROGRAMME



STEP 1
 Feed producer recruits potential farmers through workshops and training days arranged in coordination with local farmers' unions and co-ops. As Feedmaster sees the opportunity in growing the feed market, the input supplier can be the ignition.



STEP 2
 Large scale producers develops an optimal day-old chick, makes it available for the whole market (SME distributors can also be used to distribute). These chicks are vaccinated with optimal vaccination regime.



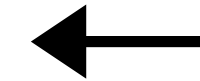
STEP 3
 Feedmaster develops an optimal feed, makes it available for the whole market (agricultural retail most efficient to distribute), as well as supplying, at no cost, production guidelines and manuals.



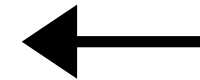
STEP 4
 With a relatively small investment, farmer sets up house, buys chicks and feed and starts producing protein.



STEP 5
 Feedmaster provides continues training, skill development, financial advice and bio-security training on how to grow and raise the broiler chickens. Continues site visits by input suppliers insures optimal support, as well as gives input suppliers access to market.

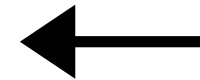


STEP 6
 After 35 days the broiler chicken is ready to be slaughtered.



STEP 7.1
 Supply to the live bird market (informal potentially street vendor market).

STEP 7.2
 Slaughter self for own consumption and/or distribution into more semi-formal markets (freezer required)



STEP 8
 The farmer earns an income from selling the final product which in return increases his livelihood. The estimated profit per bird is N\$20 - N\$30 per kg. The profit is reinvested into the economy, contributing to the GDP growth of the country.



A solution is needed for SME-farmers whose operations have grown too large for them to be able to slaughter their chicken on their own; and who need access to abattoir capacity and support with the effective distribution of their product.



LARGE SCALE PRODUCERS' ASSISTANCE FOR POULTRY SMEs

- Assist SME broiler producers and communal farmers to produce their own chicken.
- Assist to build sustainable farming environments within the SME sector.
- Make broiler breeds more accessible in the form of day-old chicks.
- Provide information, feed, and medication not previously available and accessible to new SME poultry farmers.
- Hosting information and training sessions.
- Equip potential farmers with the knowledge needed to be successful.



LARGE SCALE PRODUCERS' ASSISTANCE FOR POULTRY SMEs

- All forms of assistance/transactions (except training and guidelines) are market-related and commercially viable to ensure sustainability with or without sponsorship.
- Why would a large producer do this:
 1. Better management of the bio environment. SME's do not always understand the risk of poor biosecurity to the whole industry;
 2. Growing the market, availability increase consumption per kg, population moves away from other proteins - share of mouth increases;
 3. More buy-in from your people means more buy-in from your Government and the sector.
 4. Inclusivity, and
 5. More innovation (value-add and exports)

CHALLENGES FOR EXPANDING TO BECOME SELF-SUFFICIENT

- Dumping
- Limited slaughter facilities
- Expecting too much from farmer (excellent farmer isn't necessarily an excellent slaughterer/distributor/marketer)
- Namibia's very limited influence from or support to the poultry unions to solve prevailing issues
- Stringent "developed industries" type of competition commission legislation hampering cooperation





TRADE ENVIRONMENT

- Namibian Statistics Agency reported that 20,289mt of poultry products entered the Namibian Market in 2020.
- Dumping from Brazil, Thailand and certain EU countries is one of the major challenges the South African Customs Union faces.
- This has a negative effect on job creation, the Namibian economy, large and small producers.
- Sanitary and Phyto-Sanitary regulations.

GOVERNMENT SUPPORT

- Poultry imports are hampering economic growth and job creation within the poultry sector.
- In 2012 the first broilers were processed.
- In 2013 the government assisted the poultry industry with a support measure in the form of a quantitative market promotion scheme.
- To incentivise local production government implemented a maximum import quota of 1,000 tons per month.
- Unfortunately, there now exists a massive incentive to obtain import quota.



POULTRY ASSOCIATIONS AND AGRICULTURAL UNION COLLABORATION

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- Poultry Producers Association (PPA) administered by the Namibian Agricultural Union.
 - Namibian Emerging Poultry Farmers Association (NEPFA) part of the drive.
 - Members of NEPFA offered free membership to the PPA for cohesion among producers.
 - Regular meetings to discuss pressing issues in the poultry industry.
 - Under funded and under supported.
 - Definite need for closer collaboration in the Southern African region.
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HOW TO GROW THE INDUSTRY EVEN FURTHER?

- Japanese model: produce to import.
- Effective anti-dumping legislation.
- Effective application of SPS measures.
- Competition Commission allowing industry coordination.
- Stronger national poultry organisation.

"IT'S NOT BECAUSE THINGS ARE
DIFFICULT THAT WE DARE NOT TO
VENTURE. IT'S BECAUSE WE DARE
NOT VENTURE THAT THEY ARE
DIFFICULT." - SENECA

THANK YOU

