

# **Namibia National Farmers Union (NNFU)**



## **Training Manual**

### **Livestock Marketing in Namibia**

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and Laura Lammerts-Imbuwa**

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	<b>Vision:</b>
	To see a world in which cheetahs live in co-existence with people and the environment. PO Box 1755, Otjiwarongo, Namibia Phone: +264(0)67 306225 / Fax: +264(0)67 306247 Email: cheeta@africa.com.na Website: www.cheetah.org

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## Foreword

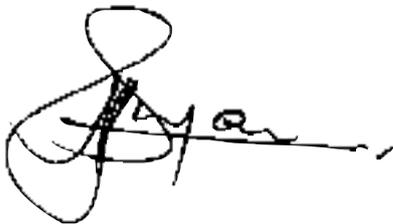
Livestock has and will always play an important role in the livelihoods of people living in Namibia. Livestock contributes in different ways to the livelihoods of the Namibian people, ranging from cash income to the consumption of animal products. This training manual is developed under the project called 'Support to enhance livestock marketing by communal farmers' which has a goal to increase income per household for communal livestock farmers all over Namibia from livestock sales. This increase of income is to be achieved through the training of community Livestock Marketing Advisors (LMAs) who serve as resource persons in their communities. They should provide information and advice to fellow farmers through organising local events in communities (information days, meetings and mini-shows), by disseminating information to farmers through diverse means (leaflets and radio) and direct advice to farmers.

In Namibia, some people are nothing more than cattle owners, they have to change their perception and become farmers. It is very important that people become aware of the importance of marketing good quality animals at the right time, at the right market. This training manual is developed to be used during training sessions of the NNFU to train Livestock Marketing Advisors. This manual is also developed to be used as a guide for the LMAs to be used during the information days, meetings etc., they will organize after they received training. I truly believe that this training manual will contribute towards increment in household income through livestock sales.

I hope with this book, farmers will have a better understanding of the different marketing channels, the type of animals sought after by the different channels and how to produce good quality animals. It is of utmost importance that the Farmers Organisations and the Regional Farmers Unions play a prominent role in this process and assist the farmers in organizing marketing days, transport and very important information dissemination.

Join us in our efforts that aim to build capacity of our communal farmers at local level.

Thank you

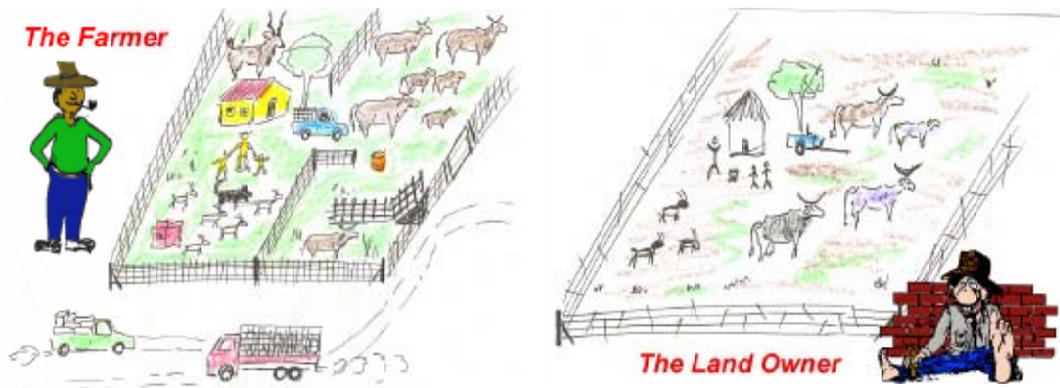


**Acting Executive Director**

**Oloff J. Munjanu**

# Chapter 1: Introduction and Background

Livestock will always play an important role in the livelihoods of people living in Namibia. Many people who are currently nothing more than livestock owners will have to change their perceptions and practices to become livestock farmers that are able to make money out of their livestock in order to sustain their livelihoods. It is therefore the purpose of this manual to make a small but hopefully important contribution towards putting farmers on the road to become more commercially oriented in their livestock practices. When **land owners** become **farmers**, incomes and therefore also their livelihood will be improved.



(source: Cheetah Conservation Fund)

## 1.1. Overview of livestock farming in Namibia

An estimated 75% of poor people in the world live in rural areas and more than 600 million of these people keep livestock (LID, 1999). The global livestock sector is changing rapidly. Increased urbanization and growing incomes are creating a dramatic increase in the demand for meat and milk in the developing world. This increasing demand for livestock products poses not only challenges, but also opportunities for the reduction of poverty among poor households with a good potential in livestock production. Livestock development has thus been assigned a dual role of satisfying the rapid rising demand of the expanding global population for meat and milk, and helping to meet the Millennium Development Goals in poverty reduction (IFAD, 2004).

In Namibia access to 40% of the country is obtained through customary land tenure regimes that preclude outright ownership of land. These areas are known as communal land. Small-scale subsistence farming with livestock and cultivation characterizes production in most of those areas. The Communal Land Reform Act of 2002 provides for leasehold in designated parts of the communal areas.

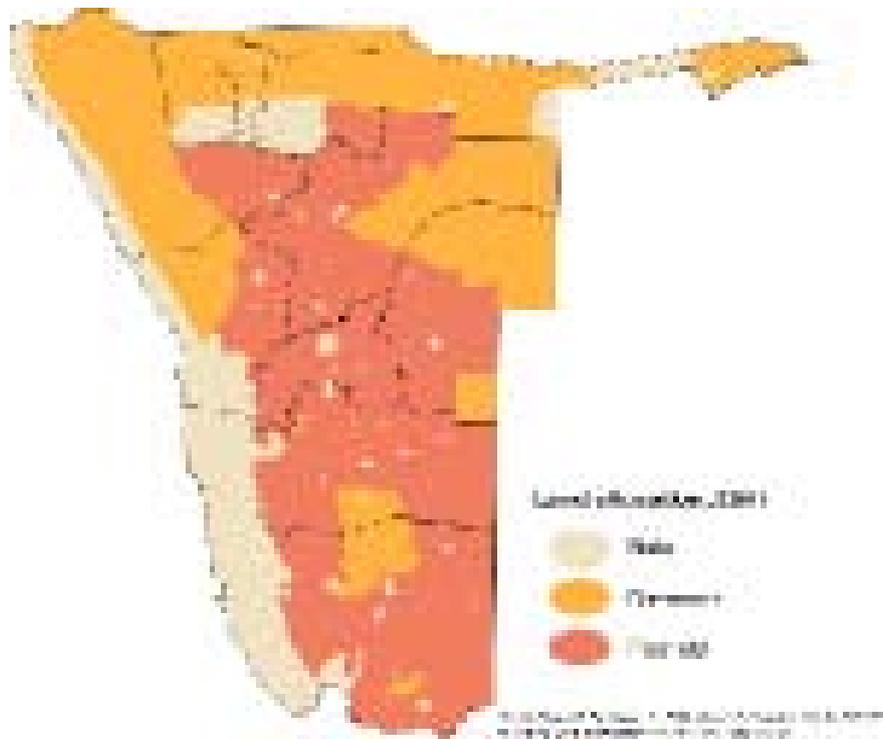
Category	Size (km <sup>2</sup> )	% of total area	% of agricultural land
National parks	114,500	13.9	
'Registered' diamond area	21,600	2.6	
Registered urban land	5,900	0.72	
Commercial land	355,907	43.2	52.2
Communal land	326,293	39.5	47.8

Source: Imbuwa, 2007

Beef production is the main activity in Namibia's agricultural sector, constituting approximately 85% of agricultural incomes and on average 10% of gross national product (Sartorius von Bach et al, 1992). In the communal areas, cattle provide a variety of benefits, ranging from the consumption of animal products such as milk and meat to providing draft power for cultivation.

Cattle farming occur exclusively on natural grazing, supplemented with mineral licks to which a limited amount of grain is added. Feedlots are generally not viable in Namibia, due to the small scale and unreliability of grain production and high transportation costs associated with grain imports.

The small internal market dictates that Namibia has to export most of its beef. Until recently Namibia exported about 70-80% of its total livestock production on-hoof, mainly to South Africa.

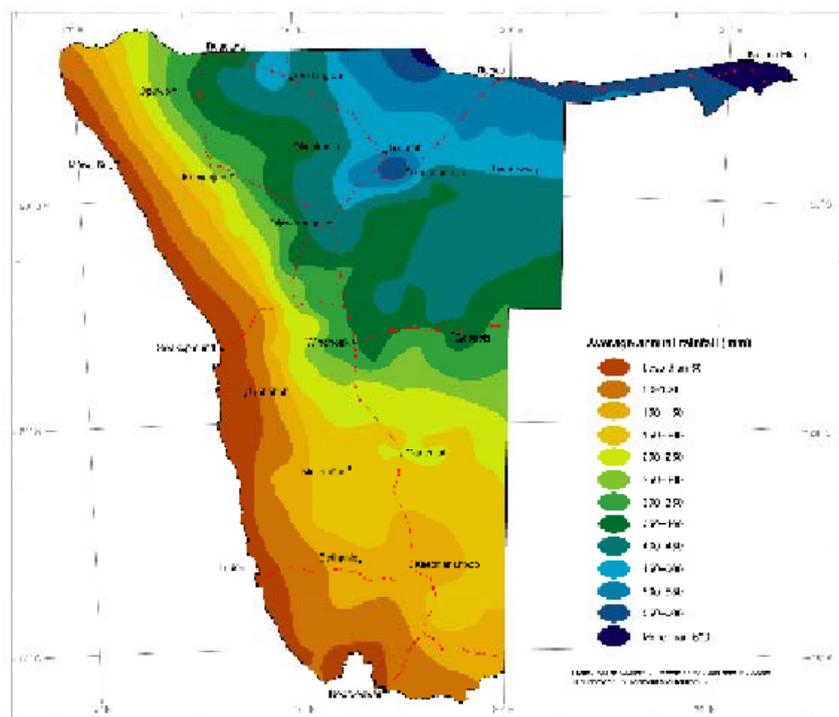


(source: Atlas of Namibia)

Namibia currently exports deboned meat to the EU in terms of an annual quota of 13,000 tonnes of beef and veal (PWC, 2005). Its ability to do so, depends on safeguard and improvement of its disease free status. Several Namibian laws and veterinary control measures are in place to maintain Namibia’s FMD free status and ensure its continued access to international markets.

### 1.2. Rainfall variability and fodder production

Namibia is the most arid country in sub-Saharan Africa with naturally low agricultural productivity. Rainfall is low and highly variable with the occurrence of drought as a natural phenomenon. The combination of low average annual rainfall and high rainfall variability limit agriculture in Namibia to extensive livestock farming.



(source:Atlas of Namibia)

### Namibia can be divided into different areas when it comes to rainfall:

- The desert region: comprising 22% of the land area, where mean annual rainfall is less than 100 mm.
- The arid region, comprising 33% of the land area, where mean annual rainfall varies between 100 mm and 300 mm.
- The semi-arid region, comprising 37% of the land area, where mean annual rainfall lies between 301 mm and 500 mm.
- The semi humid and sub-tropical region, comprising 8% of the land area, where mean annual rainfall is between 501 mm and 700 mm.

Reliable crop production under rain fed conditions is only possible in areas receiving an average of 400 mm rainfall annually, representing 34% of the country. Within these areas, crop production is further limited by a scarcity of productive soils. Coping with dry periods is therefore a way of life for almost 80% of the population which is largely dependent on this very vulnerable natural resource base (Seely, 1998). Extensive small stock farming is the main agricultural activity in areas receiving less than 200mm per annum, while large-stock farming is prominent in areas where average annual rainfall exceeds 300mm. Mixed large- and small stock farming is practiced in the rainfall zone falling in the 200-300mm category (Brown, 1993).

### 1.3. Current status of marketing in Namibia

Before understanding off-take, it is important to know how many livestock are currently in the country. This table provides an overview of the most important livestock numbers in Namibia (DVS, 2006)

	Cattle	Cattle%	Sheep	Sheep%	Goats	Goats%
NCA	1,039,309	44	25,895	1	774,195	38
SCA	394,475	17	226,963	9	566,734	27
Total CA	1,433,784	61	252,858	10	1,340,929	65
Commercial Areas	950,176	39	2,407,394	90	720,474	35
Total Namibia	<b>2,383,960</b>		<b>2,660,252</b>		<b>2,061,403</b>	

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Forty four percent of all cattle in the country are found in the Northern Communal Areas, while more than 60% are found in the communal areas (south included). This is on only 48% of the available agricultural land, while just 40% of all cattle are found in the commercial area (53% of the available agricultural land). Although only 10% of all sheep in the country occur in the communal areas, just over 65% of all goats are found in communal areas.

Namibia is divided by the veterinary cordon fence. Marketing north of the fence differs from marketing south of the veterinary cordon fence. The Veterinary Cordon Fence divides the North, FMD prone area from the South which is FMD free. All animals north of the VCF have to undergo a 21 days quarantine period before slaughtering. Due to the FMD free status, meat produced south of the VCF can be marketed at international markets.

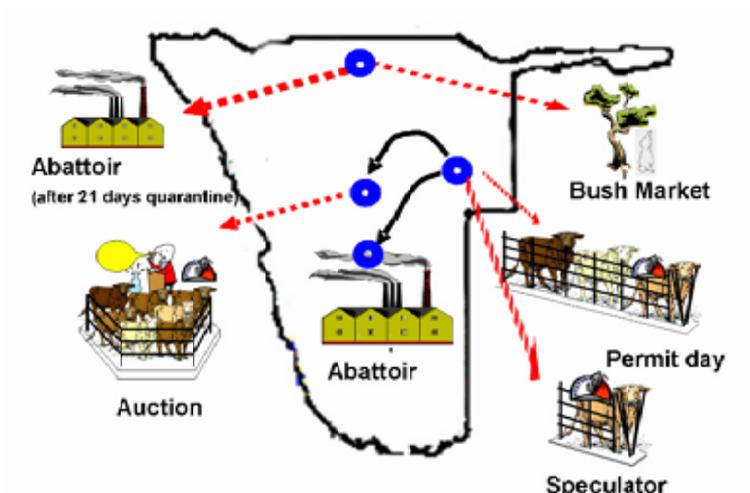
In the Northern communal areas, the only formal market is Meatco. The official off-take of livestock through Meatco in the Northern Communal Areas increased with 31% from 16,244 in 2006 to 21,293 in 2007. The off-take through the informal sector is not known in the northern communal areas. With a combined abattoir capacity in the Northern Communal Areas (Oshakati and Katima Mulilo) of 56,760 carcasses per annum, less than 38% of the capacity is currently utilized. This not only represents a loss for Meatco, but also highlights a severe underutilization of the economic potential of the cattle herd in the north.

The official off-take in the northern communal areas reported by Meatco is 2%. This compares to about an estimated 20 percent off-take for the rest of the country.

	Northern Communal area	Southern Communal area
Off- take	2%	20% (estimated)

## Chapter 2: Marketing Channels

Farmers have various markets to access. The figure below provides an overview of these different markets:



Different markets in Namibia (source: Cheetah Conservation Fund)

### 2.1. Direct marketing to the Abattoir

Several abattoirs exist in the country. North of the veterinary cordon fence certified export abattoirs are in Oshakati and Katima Mulilo and are run by Meatco. Currently, these abattoirs provide the only formal cattle marketing channels for farmers in the Northern areas. All cattle in the Northern Communal Area have to go through a 21 day quarantine period before slaughtering, due to the presence of diseases like CBPP and Foot and Mouth Disease. South of the veterinary cordon fence Meatco runs abattoirs in Windhoek and Okahandja that slaughter cattle for export purposes. Witvlei Meat is a cattle abattoir that export beef to the United Kingdom and Norway.



Eloo abattoir in Oshakati exports deboned beef to South Africa after a further 21 days of quarantine in the cold storage facilities. (Source: Bertus Kruger)

In terms of small stock, various abattoirs are available. At the Meatco abattoir in Windhoek small stock is slaughtered on contract for Namibian Allied Meat Company (Namco). In Mariental, Farmers' Meat Market runs a small stock abattoir and in Keetmanshoop, the Brukaros Meat Processors operate a small stock abattoir. Natural Namibian Meat Producers have a small stock abattoir for export purposes in Aranos.



Farmers' Meat Market small stock abattoir outside Mariental (source: Farmers' Meat Market)

No formal market for small stock currently exists in the northern communal areas. Most of the small stock slaughtered in Namibian abattoirs goes to the South African market. Transport costs are for the account of the farmers. Several costs are involved in making use of this channel of marketing (see chapter 10 for more details). In most municipal areas farmers can make use of abattoirs to slaughter their animals under controlled circumstances against a small fee.

## Direct Marketing to Abattoirs:

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Value addition to meat and meat products.</li> </ul>	<ul style="list-style-type: none"> <li>Payment takes several days.</li> </ul>
<ul style="list-style-type: none"> <li>Can receive livestock at any time.</li> </ul>	<ul style="list-style-type: none"> <li>No price negotiation</li> </ul>
	<ul style="list-style-type: none"> <li>Difficult for small farmers to access</li> </ul>

## 2.2. Auctions

Auctions are commonly held in communal farming areas south of the veterinary cordon fence. North of the fence auctions do take place but are relatively limited, mainly due to limited number of potential buyers. Auctions are usually organized and scheduled by auctioneers that are responsible for bringing sellers and potential buyers together. Prices are determined through demand and supply mechanisms. Most of the prominent auction venues have scales that allow the farmer and the buyer to determine the exact weight of the animals on offer. Usually the more livestock are on offer, the more buyers will be attracted, the more fierce the competition and the higher the likelihood of better prices. Transport of animals to the auction is the responsibility of the farmer. Auctioneers' commission is payable by the farmer and is deducted from the selling price. This commission varies between different auctioneers and farmers should enquire beforehand. Upon selling, farmers receive their money immediately, animals change ownership and full responsibility now rests with the buyer. Farmers' Organisations in communal areas usually organize these auctions and get a commission for that from the auctioneers.



Cattle at an auction facility  
(source: Agra)



Small stock at an auction facility.  
(source: Alex Toto)

### Auctions:

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Price is known</li> </ul>	<ul style="list-style-type: none"> <li>Low livestock numbers results in few buyers</li> </ul>
<ul style="list-style-type: none"> <li>Costs are known</li> </ul>	<ul style="list-style-type: none"> <li>Commission is perceived by farmers</li> </ul>
<ul style="list-style-type: none"> <li>Competition between buyers – result in better prices</li> </ul>	<ul style="list-style-type: none"> <li>Risk of unsold animals</li> </ul>
<ul style="list-style-type: none"> <li>Regularly organized</li> </ul>	<ul style="list-style-type: none"> <li>Buyers can make agreements on forehand</li> </ul>
<ul style="list-style-type: none"> <li>Money immediately available</li> </ul>	

(insert map of auction kraals)

A list with auctioneers in Namibia can be found in chapter 10.

### Permit Days

Permit days only take place in the southern communal areas. It involves a single buyer in agreement with a community or group of farmers to buy livestock at pre-determined prices on a given day at a given venue. In well-organized communities, individual buyers have to tender to buy animals of different classes at certain prices. These prices and the venue are announced on the radio and all interested sellers can take their livestock to the permit day. On the day of sale, animals are weighed, usually one by one, and the pre-determined price for that specific type (male, female, age, etc.) and weight category is immediately paid out to the farmer. Transport of animals to the venue is the responsibility of the farmer. No commission is paid to the buyer, but a fixed amount per animal or a certain percentage as commission is usually payable by the buyer to the local farmers' organization or group where the permit day is held. Ownership of animals changes immediately upon sale of the animals.



Permit day for cattle (source: Andre van Rooyen)



Permit day for small stock (source: Alex Toto)

### Permit Days:

Advantages	Disadvantages
• Price is known	• Lack of competition – lower prices
• Regularly organized	
• Money immediately available	
• Most buyers are willing to take all animals on offer.	

### 2.3. Speculators

Speculators are informal traders that move around and buy livestock according to their individual needs. They usually represent feedlots in South Africa, or have own butcheries. Some of these people don't make use of a scale and animal weights are only estimated and prices are then based on an average weight for a group of animals. Animals are bought at farm gate and no transport costs for the farmer are involved. Payment also takes place at sale and ownership changes immediately at the point of sale.

### Speculators:

Advantages	Disadvantages
• No costs deducted from the selling price.	• No competition – lower prices.
• Money immediately available.	• Prices are not known on forehand.
• No transport costs.	• Not regularly organized.
	• Buyer sets price.

### When making use of speculators, the following could serve as a guideline to maximize benefits for the farmers:

- Approach different speculators beforehand and enquire about possible prices for different types of animals.
- Weigh your animals beforehand in order to calculate expected prices. If you have no scale, make us of a measuring tape (see chapter 7 for more details).
- When the speculator uses a scale, make sure it is calibrated by weighing objects of known weight (e.g. cement bags).
- Separate good and bad animals in different batches before offering them to the speculator. A few bad animals in a batch of good animals always stand out and will negatively influence the perception of the buyer.