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## MEDIA RELEASE

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### **UPDATE ON MEATCO'S FINANCING SCHEME**

MEATCO, in collaboration with the Namibian National Farmers' Union (NNFU) and the Meat Board of Namibia, last year launched a farm feeding initiative to address the large numbers of weaners that leave the country on the hoof every year without any value added to it locally.

The Financing Scheme, still in its pilot phase, mainly aims to support Government's policy on value addition to Namibian beef by retaining more weaners in the country. According to studies done in 2005, approximately 60% of Namibia's cattle population which amounts to about 200 000 animals, are exported to South African feedlots every year.

Through the project, producers will be provided with the technical expertise from Meatco and financial assistance from local banks to get their animals slaughter ready in the most cost effective manner.

Meatco has already signed a Memorandum of Agreement with First National Bank (FNB) and Bank Windhoek. Applications from nearly 40 producers from all farming sectors have been processed during the pilot phase with FNB and are awaiting approval. Another pilot project with Bank Windhoek is underway and negotiations with Nedbank and Standard Bank are progressing well. Meatco is also preparing to present the project to Agribank.

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The producers who were approached for participation had to meet certain project requirements, regardless from which farming sector they were. Basic requirements include general management practices, available grazing, veterinary practices, infrastructure and genetics. In other words, candidates are required to have the basic necessities to be able to raise weaners as slaughter cattle, should the financial assistance become available.

Since the announcement of the pilot project in November last year, Meatco has been overwhelmed with enquiries about the project. Project Manager, Mr Heiner Böhme, says interest into the project has exceeded all expectations and that approximately 4 000 potential slaughter cattle have been procured via the scheme.

These applications must now be finalized and the pilot phase of the project with FNB concluded and proven successful before new applications can be considered with the bank. A pilot phase will be conducted with all banks as they become involved in the scheme and only once proven successful will it be officially implemented. Twenty participants will be included in every pilot project. It is foreseen that the pilot phase with FNB will be concluded by June this year.

The primary beneficiaries of this project will be weaner producers, by offering an alternative market to sell their animals to. Secondary beneficiaries are all those in the value chain after the weaner have been produced. This includes specialized backgrounders and finishers, animal feed manufacturers, financiers, marketing agents, transporters and production-input suppliers.

Eight proposed different Beef Production and Financing Models based on weaner production, specialized backgrounding and finishing exist within the project. A sensitivity analysis of one of these models, "weaner to slaughter ox", indicated that buying and selling prices have a considerable effect on a farmers' income before tax, but that the growth per day per animal is by far the most important contributing factor when it comes to income.

Mr Böhme explained that a change of N\$0.50 in the buying or selling price can influence the income before tax by approximately 24% and 22% respectively, whilst an increase or decrease of a mere 50 grams per animal per day can influence the income with up to 41%. "This shows that valuable information can be given to the farmer at the end of each project which can assist him or her in informed decision making seeing that the information will be based on his or her unique circumstances."

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Meatco will in the near future appoint an administrative person and two technical advisors to assist with the management of the project as well as follow-up visits to the participating farmers. One advisor will service areas north of Otjiwarongo while the other will see to areas south of the town.

During such follow-up visits to farms, cattle will be weighted and fitted with electronic ear tags. All information gathered will be supplied to the participant to serve as valuable management data and assist the farmer in making informed decisions.

Other objectives of the project include increasing throughput at the local Meatco abattoirs. It also aims to create a larger local market for locally produced weaners and address the problem of over and under utilization of farmland used for beef production.

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