



Invest in Lesotho's **Game Birds Sector**

LESOTHO

Rising global demand for game bird meat is an incentive to invest in farming and production in Lesotho, with its competitive tax and labour offer and tariff-free access to major markets in the USA, EU and Asia.



Game Birds

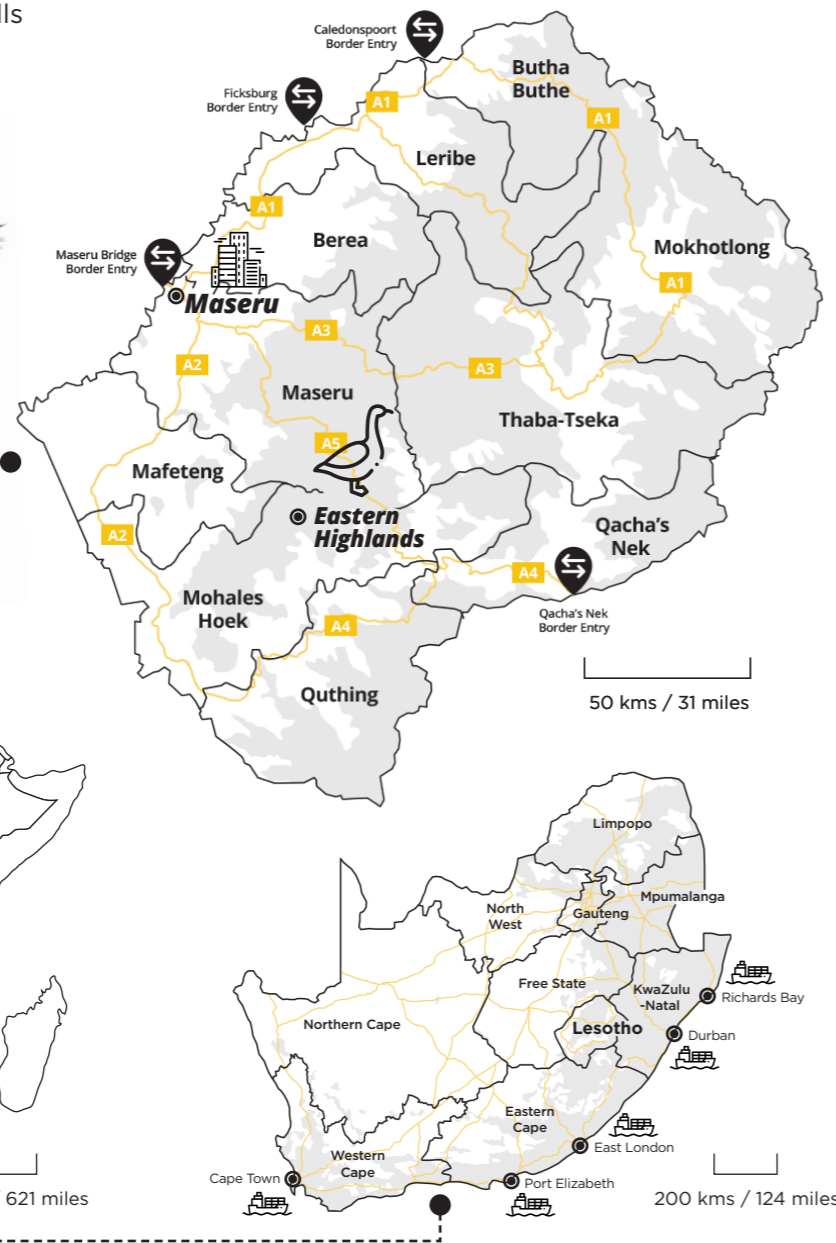


Introduction

The project involves farming game birds (duck, quail, geese, guinea fowl) for meat production to serve export markets in the USA, Europe and Asia.

The commercial case rests on Lesotho's competitive tax and labour offer, the skills of its mainly rural workforce and the tariff-free access that Lesotho enjoys as a Least Developed Country to the USA under the

African Growth and Opportunity Act, to the EU under the EU/SADC EPA, and other major markets under the Generalised System of Preferences.



Strengths & Opportunities

Globally, the commercial production of game birds is a large and growing business. Apart from the sporting side, the demand for game bird meat for health reasons is increasing.

Currently the chief markets for game bird meat are in Asia and Europe. Lesotho has a diverse bird population

SOME

340

BIRD SPECIES

have been recorded over the last 100 years.

Lesotho is still a mainly agrarian society - 70% of the population live in rural areas, of whom 55% have farming skills. While Lesotho may be new to commercial game bird farming, many households keep poultry, providing a good basis on which to train the workforce. Labour is very competitively priced, especially compared with South Africa, and the literacy rate is over 76%.

Land is available for game bird farming subject to negotiations over the terms of the lease with local landowners. Lesotho's pollution-free air and water provide a pristine environment for raising game birds.

- DUCK
- QUAIL
- GUINEA FOWL
- GEESE



Ample open land for breeding.

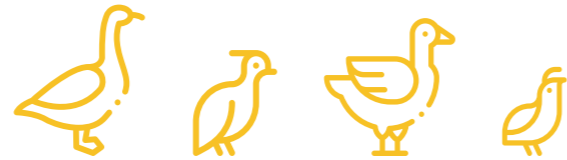
Corporate Income Tax (CIT) is 10% in the agriculture and agro-processing sectors and there is no tax on dividends.

Even though Lesotho does not have the sort of commercial feed-lots used in intensive animal production, it is a grain producer and could attract animal feed manufacturers to invest in Lesotho to supply the growing markets for birds and other animals.

Lesotho's proximity to South Africa may assist it to grow its stock of game birds and introduce new commercially viable breeds. The incorporation of modern technological and training methods will further enhance its breeding stock while maintaining quality and standards.



Game Birds



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Financial Analysis

TOTAL INVESTMENT

A total investment of approximately:

LSL* 27.2m

comprising fixed assets of LSL 23.85m, pre-production expenditure of LSL 1m and initial working capital of approximately LSL 2.4m will be required for the establishment of the Game Bird enterprise. The graphs below illustrate a financially viable operation with the opportunity expected to generate a profit throughout its operational life.



Quail eggs.

Whilst the NPV and IRR of the project appear to be positive, the initial investment cost of the project is only expected to be recovered in the eleventh year. The investment opportunity however responds favourably to the country's developmental objectives through its positive socio-economic impact in terms of employment creation and potential forex earning opportunities.

NET PROFIT

The enterprise's annual net profit after tax increases from approximately:

LSL 70K

in year 1 to approximately:

LSL 8.7m

in year 10. Similarly, the projected cash flows of the envisaged project indicate that it will generate positive net cash flows throughout the 10-year operational period.

NET PROFIT

↓
YEAR 1

LSL 70K

NET PROFIT

↓
YEAR 10

LSL 8.7m

Game Birds



- DUCK
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Financial Analysis

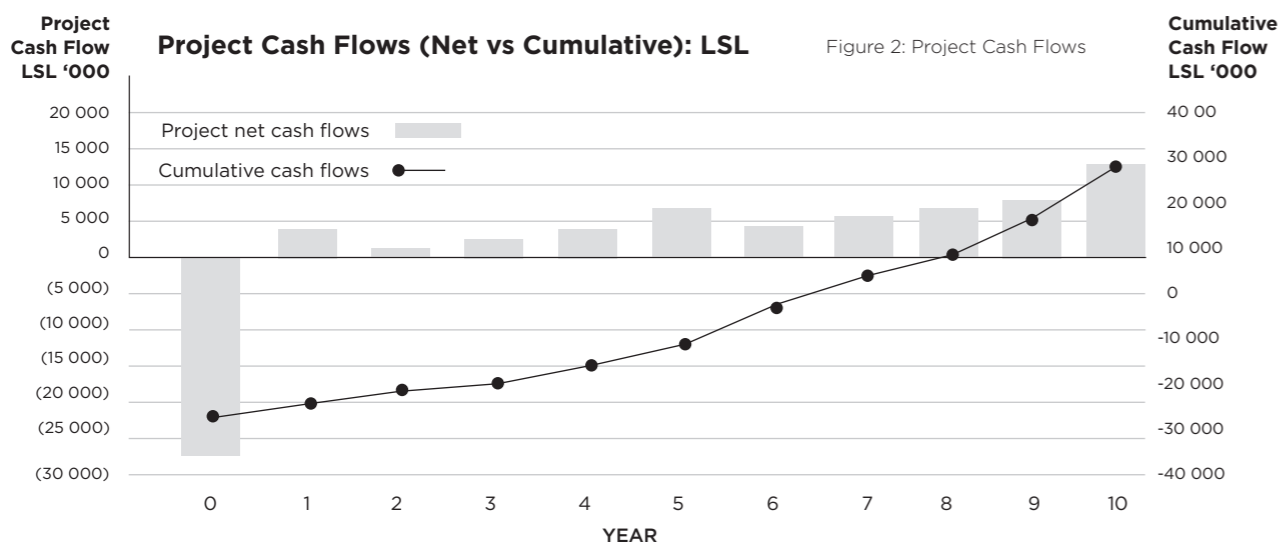
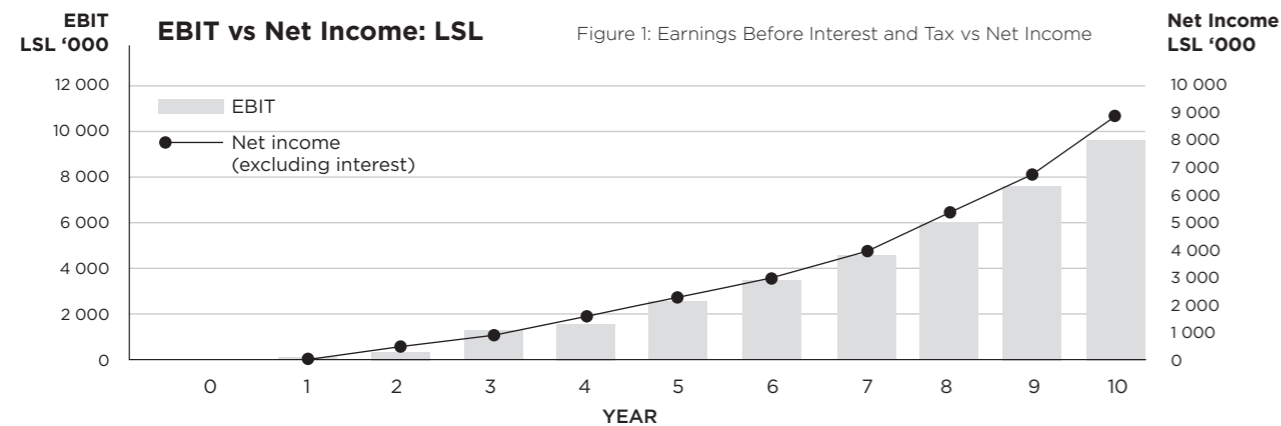


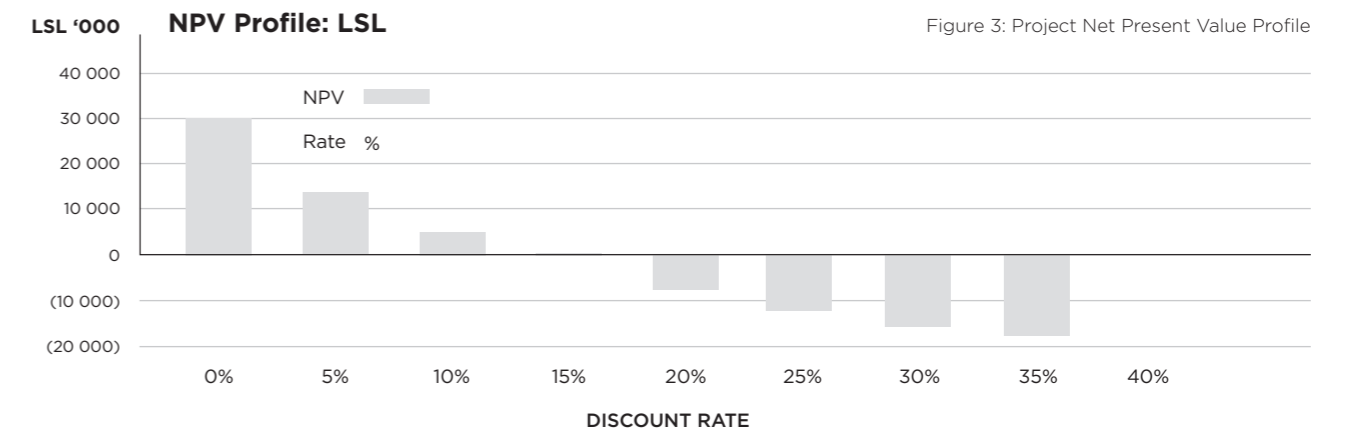
Table 1: Investment Indicators

Net present value (NPV)	LSL 3.05m
Discounted payback period	10.39 years
Internal rate of return (IRR)	11.96%
Profitability index (PI)	1

The farming component of the Game Bird investment opportunity, with an initial investment of LSL 4.4 million and discounted at a rate of 10%, has been separately computed and also appears to be positive, as depicted in Table 1.

Financial Analysis

The positive NPV at a discount rate of 10% corresponds to an IRR of 11.96% highlighting the financial viability of the Game Bird investment opportunity, albeit marginally.



Game bird farm: quail.



Ample open land near access roads.

NOTE

The financial analysis of the Game Bird investment opportunity is computed over a ten-year period and is limited to the processing component of the project. Revenue and expenditure projections are in line with industry growth prospects and market potential and have been informed by and benchmarked against industry standards and norms. In addition, assumptions relating to inflation; depreciation and salvage value; and company tax, have been worked out based on the existing laws and directives of the country. The figures above represent high level estimates as of January 2021 and are not derived from a full feasibility study. Investors are advised to conduct their own due diligence.

There are no suitable commercial abattoirs, breeding stock or hatcheries. There is a lack of veterinary facilities and qualified professionals in Lesotho who can offer these services to the game bird industry. Regulations and standards for farming game birds are absent in Lesotho.

For more information please contact:

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Invest in Lesotho's **Game Birds** **Sector**



Invest in Lesotho

