

MGOLOLE SISTERS CONVENT CENTRE CHICKEN CROSS BREEDING PROJECT.

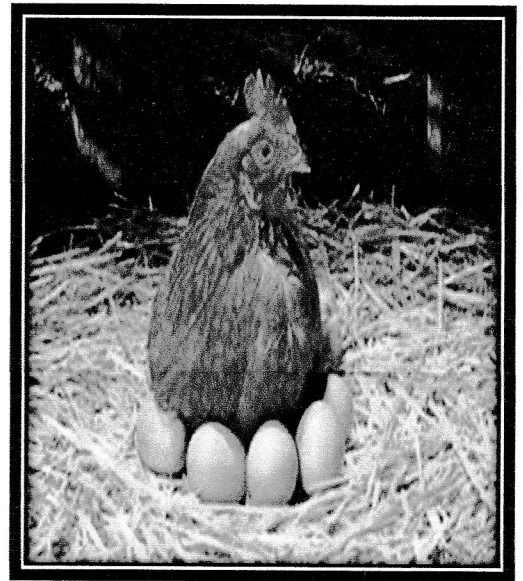
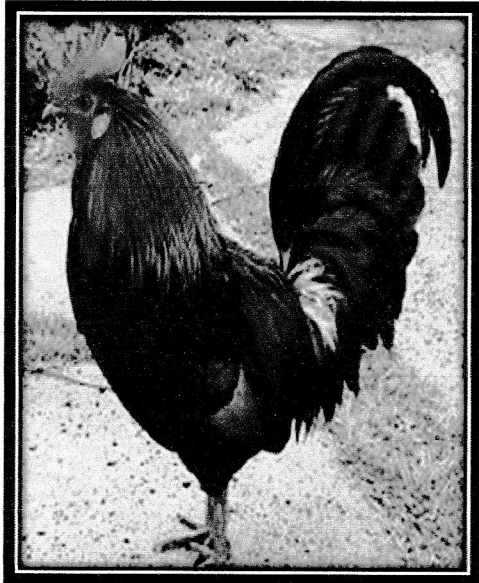


Table of contents

1. EXECUTIVE SUMMARY.....	3
2. BUSINESS/ COMPANY DESCRIPTION.....	4
2.1 Industry overview.....	4
2.2 Company/business description.....	4
2.3 Description of products/services.....	4
2.4 Business/ company positioning.....	7
2.5 Company/ business pricing strategy.....	7
3. PRODUCTION PLAN/ SERVICE DESCRIPTION.....	8
3.1 production and operation processes.....	8
3.2 Cost of products/service development.....	12
3.3 Labor Requirements.....	13
3.4 Expenses and Capital Requirements.....	13
4. THE MARKET & COMPETITION.....	16
4.1 Customers.....	16
4.2 Market size and Trends.....	17
4.3 Competition.....	17
5. TABLE 1. COSTS OF PRODUCTS/ OPERATING EXPENCES.	

1. EXECUTIVE SUMMARY

Smallholder poultry production based on free-range scavenging system contributes significantly to livelihoods of the poor population. It particularly plays a vital role in supplying protein needs for the rural population and additional income especially to women. However, the productivity of village chicken production is low. Among the major identified constraints to improved productivity is low genetic potential in indigenous breeds and high chicken mortality caused by diseases general poor management.

The productivity of exotic chickens under optimal management conditions is high and gives quick returns. However, the initial capital investment is too high for the resource poor people/farmers to afford. Resource poor people need quick returns and less initial capital investment ventures whose products are self marketing.

The project will focus on producing and multiplying genetically improved breed by crossing exotic and indigenous breeds. The crossing will involve selected indigenous hens, which are easily available and affordable and exotic male cocks which are also locally available and affordable. The crossbreed is relatively resistant to common diseases compared to pure exotic breed so requires less capital investment of which poor people can afford, it is also high productive in terms of eggs than indigenous breed and has bigger size to capture markets.

The project will also introduce to the farmers where there is no power and whose capacity to purchase incubators is limited; an alternative means of mass production of chick by synchronization of brooding using egg toys. The uses of synchronization will over time, enable farmers plan before hand when they want to raise chicks and when to have marketable products sustainably for more income and improved livelihoods.

The total fund required for this project is EUR) To Start the Business

The project will achieve this success due to high demand of its products that already exist and a strong management team and members whose professionals relate to the project core activities.

2. BUSINESS/COMPANY DESCRIPTION

2.1 Industry Overview:

In Tanzania, smallholder poultry production based on free-range scavenging system contributes significantly to the livelihoods of the poor population. Apart from being a good source of protein to the marginalized people, it particularly plays a vital role in supplying rural women with additional income. However, the productivity of village chicken production is low, as it is basically a low-input system. Among the major identified constraints to improved productivity is low genetic potential in indigenous breeds and high chicken mortality caused by diseases and general mismanagement.

The productivity of exotic chicken under optimal management conditions is relatively high and gives quick returns. But, the initial capital investment is too high for the resource poor people/farmers to afford (layers and broilers). Its production is therefore carried out in urban areas as a second option incomes generating activity to be low/medium salaried employees and retired people. However, the demand of its products has gradually been decreasing as most people now prefer indigenous chicken products.

The idea of this project is to improve productivity of indigenous breed by introducing genetically improved chicken breed for the resource poor producers in urban, peri-urban and ultimately remote areas in Morogoro region. It will particularly focus on production of parent stocks by crossing indigenous and exotic, sell eggs to the project unit or direct to the consumers. The resulting crosses will have relative advantage over pure local breed.

An alternative means of mass production of chicks without using an incubator and a brooder; will be introduced targeting the resource poor population in areas where there is no power and whose capacity to purchase incubators and brooders is very limited. This approach will enable poor farmers to produce more eggs and chicken for income; thus, local communities will be empowered to get rid of vulnerability and abject poverty; on the assumption that during project timeframe there won't be pandemic diseases like bird flu that would otherwise affect marketing of the chicken products and associated earnings.

2.2 Company/business description:

Chicken breeding project becoming the giant and professional chick breeding and egg selling unit, which significantly alleviate poverty of poor communities (**vision**). It is a privately owned enterprise designed to improve productivity of indigenous chicken by introducing genetically improved breed and; is dedicated to contribute significantly to the livelihoods of the poor communities by promoting sustainable production system of improved chicken and quality eggs (**mission**).

The project aims at improving livelihoods of the poor communities by promoting sustainable system of production of improved chicken and quality egg (**objectives**). It also believes that: poverty is avoidable and can be eliminated by daring, commitment, production of quality product; and that external support is just a means to an end by itself---it should complement to the existing efforts if we are to defeat poverty (**values**).

The project idea plays around realization of the big potential the indigenous chicken have in improving livelihoods of the marginalized population. This potential is to large extent locked in low productivity and general mismanagement realm. Introducing a high genetically potential breed; productivity potential of the village chicken will be unlocked and local communities empowered to fight against generational cycle of poverty.

The parent stocks of improved breed will be produced and sold to small scale producers who will initially concentrate on eggs production and selling. Some of their egg will be sold to the project chock production unit. The chicks will be produced as per market demand. On the later time, beneficiaries will be mentored on mass production of chicks without using incubators to enable them benefit from both selling eggs and live animals.

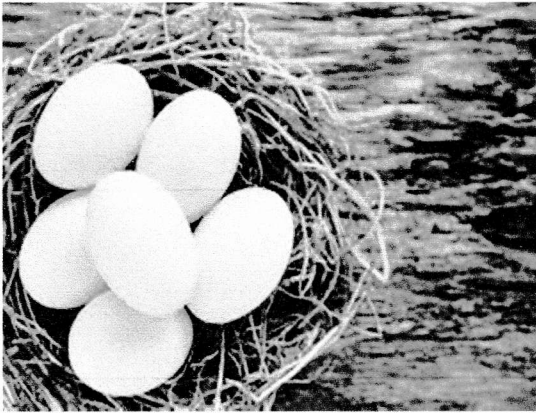
The project will establish and selling units. Products for sale will initially be parent stock chicks and later; the eggs collected from beneficiaries and those from production unit when parent stocks chicks markets virtually saturated. The chicks will be sold when they are two weeks old during when brooding is almost less important and can easily be managed by a resource poor farmer. Products will be delivered to the key customers' destinies though some customers will have to come for the products in the selling unit.

Promotion and media extracts will be involved for marketing purposes in addition to farm visits and mentoring support that will raise an understanding of project products and the opportunities behind project ideas.

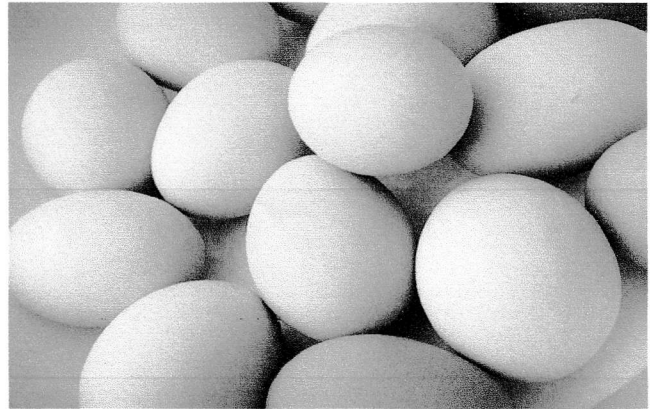
2.3 Description of products/services:

The project intends to produce improved stock and sell it to small scale producers while maintaining a stock deemed necessary to sustain project production.

This stock has relative over the other breed as it produces much more and bigger egg than those of indigenous breed. As birds will be semi confined, the egg will also have yellow yolk like those of pure indigenous breed which are preferred most by customers have, it matures earlier than indigenous breed, and chicken size is bigger and uniform than indigenous breed therefore, it fetches good market during disposal.

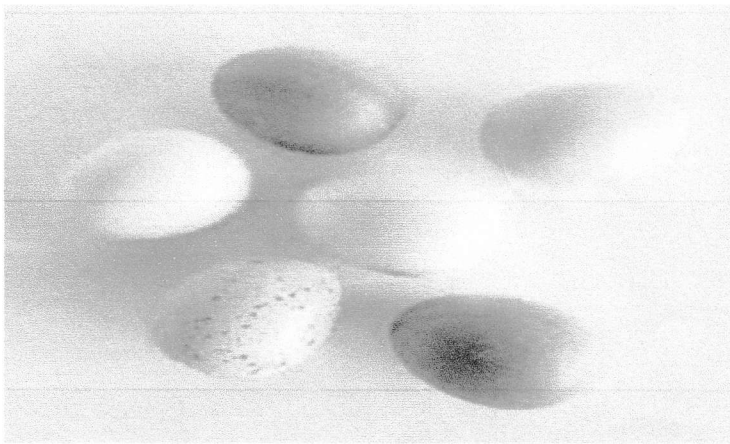


Eggs of local chicken



Eggs of crossbreed; Intended project product

Small scale producers will initially concentrate on eggs production of which some will be sold to the project production unit and some direct to the consumers. Then farmers will be introduced to an alternative means of mass production synchronization technique where hens coming broody are given egg toys or rotten eggs to sit on while waiting for other hens to go broody. This will ensure that more than one hen are incubating eggs at the same time and hence more chicks will be hatched at once. Chicks are then separated just after four weeks to hasten mothers to lay eggs. The uses of toys also help in controlling cannibalism as they tend to hurt hen's beak. This approach, will over time, moves farmers from depending entirely on eggs for incomes to depending on both eggs and meat.



Sample of egg toys to be used for synchronization

2.4 Business/ company positioning

The chicken breed targeted by this project will be a reliable source of income for resource poor population involved in chicken rearing in the region. Resource poor people need quick returns and less initial capital investment ventures whose products are self marketing. The products of this project meet all these requirements as compared to other breeds.

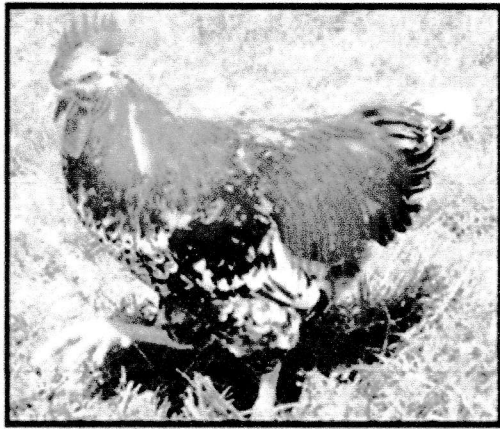
The breed has high productivity potential than indigenous breed, it is relatively resistant to common diseases and its derivatives (eggs, meat) are relatively natural compared to those of exotic breeds, which make them compete highly in the market.

Mentoring support that will be provided by the project to small scale farmers will further enhance their capacities on mass production of chick using egg toys; thus, over time, they will establish their own production and selling units. This approach is particularly intended to empower to a point that they become stand alone producers and advocates of project initiatives (spiral over/sustainability).

2.5 Company/ business pricing strategy

The current price of a day 1 chick ranges from 1200 – 2000 for broilers and layers respectively. Prices for an average weight broilers ranges from 5000 – 7500, indigenous chicken are priced at 10000 to 20000 depending on the body sizes, likewise layers on their disposal time. The price for a tray of eggs currently stands at 7500 – 9000. The prices of the project products will all lie on these ranges. The added values of project products will only be left to encourage/ promote wider acceptance over the products and for competitive purpose.

Selling products of same quality to those of indigenous ones but with some added values such as big and uniform sized eggs and chicken will get the products accepted; as such, compelling project to increase production and so, gains more incomes.



A one year old crossed cocks: Intended project product

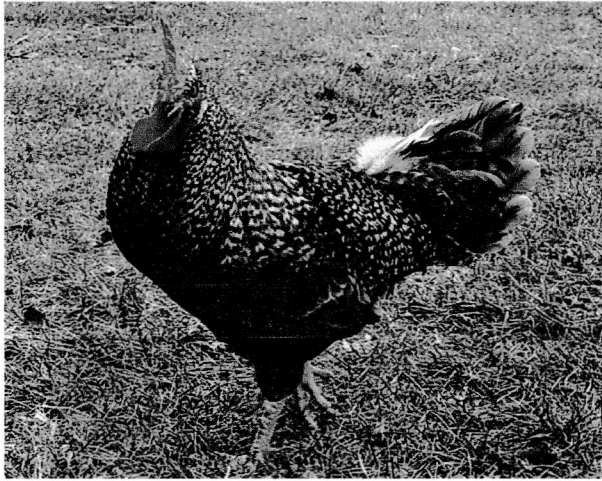
3. PRODUCTION PLAN/ SERVICE DESCRIPTION

3.1 Production and operation processes

The project will focus on producing and multiplying genetically improved crossbreed by crossing exotic and indigenous breed. Two options of getting a cross breed intended for this project will be considered: crossing female layers (exotic) with indigenous cocks. The eggs from this cross will be hatched to give first generation (F1) whose trait combination is 50% exotic and 50% indigenous respectively. Crossing first generation (F1) by local cocks, gives second generation (F2) of 33% exotic traits and 67% indigenous traits, which means progressive crossing will ultimately end up with almost pure indigenous breed which is not project target.

This approach is good for the project unit equipped with an incubator and brooder as it is easier to maintain required trait; and particularly good if a project is just for eggs and meat production for sales with no link support to the farmers; because of the difficulty farmers will face to maintain recommended trait (50% or 67%). They will have to go back to the project breeding unit for F1 after every two to three years if they are to continue with the venture.

The second option intended by this project is the use of Barred Plymouth Rock (Purebred Male layer) crossed by selected local hens (selection criteria being good mothers, lay more eggs per year and resistance to wide range of climate). The first generation (F1), which is 50% exotic and local respectively, is then crossed by exotic, 25% local trait. The chicken of this generation (F2) are the target for distribution to the farmers together with exotic cocks (layer) (see the pictures below)



Male layer cocks



Female local hen

This approach is cheap and can be accommodated easily by resource poor farmers, and it is the one that the project will propagate to the farmers. It involves indigenous hens, which are easily available and affordable. The exotic male cocks are also locally available and affordable.

The beneficiaries will be organized into groups. In addition to mentoring support that will be provided by the project, they will be trained on poultry management, diseases control. Feeding and group dynamic (leadership skills). Training on making animal feeds will be emphasized using modest locally available feed ingredients to facilitate chicken growth.

An alternative means of mass production of chicks/ the use of toys will be introduced, enable farmers develop an independent mind and knowledge of producing eggs and meat sustainable for more incomes and improved livelihoods.

3.2 Cost of products/service development

Cost of products will include costs for the breeds to crossed labour, electricity and water bills costs of feeds and vaccinations. Others will include costs for incubator and a brooder

1. MARKET & COMPETITION

4.1 Customers

The customers of the project products will include small scale chicken producers who would like to invest less for profit. The project intends to sell at least 100 parent stocks and maintain this number of people as the maximum number of project beneficiaries in the region. In the period of 3 years the project will be assured of having amost 700 direct beneficiaries involved in rearing project breed, each with at least 1,000 chicken stock . the project will sale chicks of two or more than two weeks old; just to reduce brooding requirements that would otherwise be incurred by resource poor farmers whom most of them do not have reliable power.

Depending on the demands; production of chicks beyond direct beneficiaries will be done targeting beneficiaries within and outside Morogoro townships. The direct beneficiaries will then have an option of either selling eggs to the project unit or direct to consumers. The collected eggs will either be hatched or sold at marginal profit depending on situation and demands. The major consumers of eggs and meat produced by the project will include restaurant, Hotels, Street food vendors and supermarkets.

4.2 Market Size and Trends

The market for eggs and chicken is growing as urbanization grows in most areas. However, indigenous chicken meat and eggs are most preferred especially by elite people. The project products are all the same to indigenous products but with some added values, which places the business in a better position to improve economically. Five hundred project beneficiaries are the key target for the breeding stocks projected to buy about 35,000 chicks.

The products also intend to capture markets in the urban centers where eggs and chicken meat are most consumed as bites. Breakfast offered by most Hotels to the guests is most often accompanied by eggs or chicken soup. Students prefer bites such as chips with eggs or chicken meat all these are sold along streets road where they access easily. Recreational areas such as bars and groceries all attract markets by selling bites that in way requires eggs and fried chicken meat or soup. All these together with individuals from nearby households are the markets targeted by this project.

4.3 Competition

Although chicken industry competes around white meat (pork, fish) potential competitors of this project will be those selling indigenous chicken, broilers and layers on the other hand

Broilers and layers for instance are early maturing and produce more eggs respectively, but require high initial capital investments for resource poor people to afford. The production system for these products involves intensive industrial chemicals application such as inorganic feeds, boosters, medicines or so which need high capital. Moreover, elite people believe that product under these production model contain industrial chemicals, which has long term effects to human health thus, turning away from consuming the products.

The indigenous chicken on the other hand , require less initial capital investment and application of industrial chemicals is very minimal but, have limited productivity for poor people to capture the market and of course to break even.

The project breed plays around the middle of exotic and indigenous breeds. Its products is to large extent the same to those of indigenous breed, only that it is more productive than indigenous in terms of eggs and relatively resistant to diseases than exotic breed thus, relatively less capital investment required. All these qualities make the products more

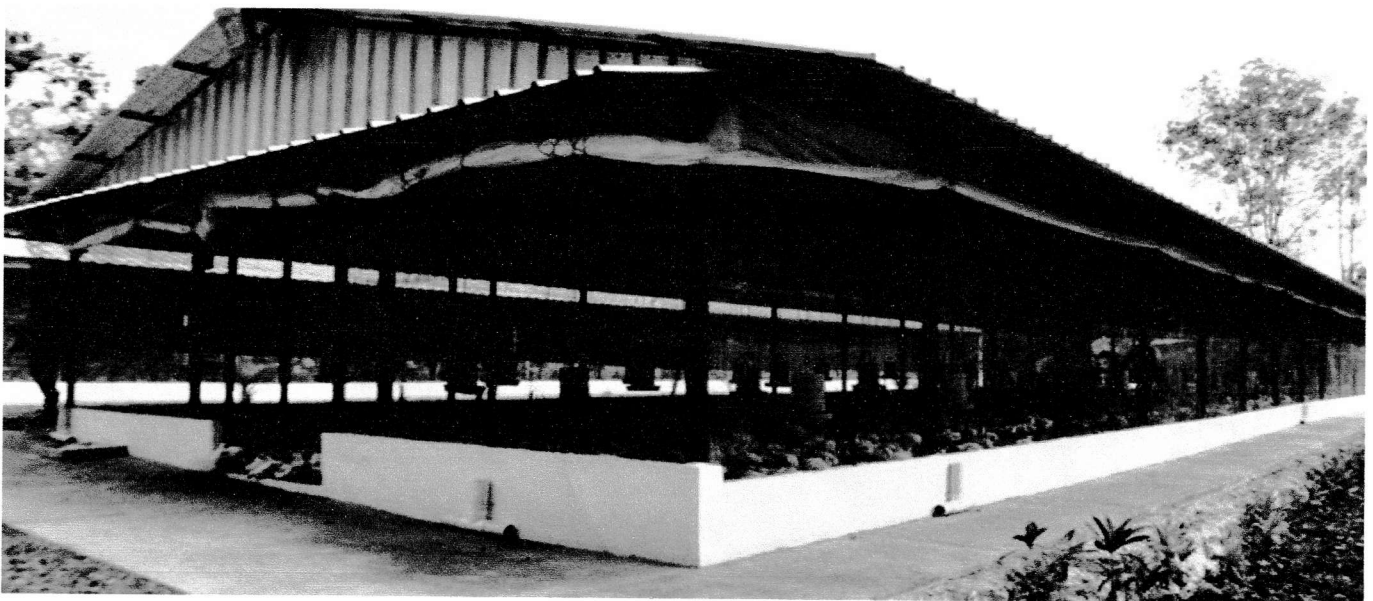


TABLE 1. COSTS OF PRODUCTS/ OPERATING EXPENSES

	Item	Quantity	Unit Cost TZS	Total TZS	Total Cost EUR
1	Option 1: Exotic layers females	1000			
	Local cocks	100			
2	*Option 2: Local hens	1000			
	Exotic cock layers	100			
3	Labour				
	Farm manager	12 months			
	Farm attendant	12 months			
4	Feeds	12 months			
	Vaccinations	3			
	Electricity/ water bills	12			
	Fumigation machine	1			
5	5,000 Eggs Incubator	1			
	Hatchery machine	1			
	Feeders and water trays	120			
6	Construction materials of chicken stalls	1			
	Labour masonry and carpentry				
	Transportation	12			
7	Breeders Consultant from SUA University	6			
GRAND TOTAL					

***Option 2: Not Included in the Grand Total**

Exchange Rate 1