

Business Opportunity

Poultry Feed Concentrate Import and Distribution

2017-08

1 Objective

The objective of this document is to highlight the business opportunity present for new players for the import and distribution of poultry feed concentrate.

2 Background

2.1 SOBA¹

This market research and business opportunity development has been led by SOBA. SOBA's objective is to establish a sound basis and shared understanding of poultry sector investment opportunity in Sierra Leone. Ultimately, SOBA aims to improve the efficiency and effectiveness of poultry production and processing in Sierra Leone.

2.2 Poultry Context

The poultry sector in Sierra Leone is emergent. A survey last year by SOBA² revealed that the total capacity of poultry farms was 151,000 hens. A more recent estimate of the sector ascertains that the present capacity is closer to 200,000 hens³. The hens are kept on farms of varying sizes. There are 3-4 farms with a capacity of more than 20,000 hens, some farms have a capacity of 5,000 to 20,000 hens, but most farms have less than 5,000 hens. The total current estimated number of farmers is 100.

This capacity does not satisfy the country's demand for eggs. The market is dominated by imports from Europe, India, and other countries. Previous surveys⁴ have concluded that 14 million eggs are imported into Sierra Leone every month, which accounts for 2/3 of the total egg consumption. These imports represent a considerable foreign exchange expenditure; currently imported eggs are more expensive than locally-produced options.

Sierra Leone is potentially capable of meeting demand requirements with locally produced options. This is particularly the case if production inputs, namely feed inputs, are readily available at a manageable cost.

2.3 Current situation: Concentrate

Poultry feed represents 65-70% of the total cost of commercial egg production. The main ingredient in feed is maize, which is produced at a minor scale in Sierra Leone, and the other main ingredient is concentrate. Maize is not a staple food and it is largely grown as an intercrop, while its other uses aren't well known. Therefore, consistent local supply of maize is problematic. To counteract maize supply issues, farmers are importing maize from neighboring countries. Additional solutions being explored are importing complete feed from Europe, and the possibility of using alternative ingredients instead of maize, such as cassava or pigeon peas.

Poultry farmers currently obtain their feed by purchasing poultry feed concentrate in bulk from a distributor and getting other ingredients, such as maize, wheat bran, rice bran, and/or cassava from other traders or

¹ Sierra Leone Opportunities for Business Action (SOBA) is a private sector development programme that uses a market systems approach to facilitate pro-poor economic growth in Sierra Leone. The programme collaborates with private sector businesses in three primary areas: (1) sustainable energy, (2) agriculture, (3) professional services and entrepreneurship markets, to trial and to scale innovative and inclusive business practices that reduce poverty and improve economic opportunities for poor women and men.

² SOBA Poultry farmers baseline study report (2016)

³ MDS Poultry – primary source communication with SOBA team

⁴ SOBA Poultry market overview and recommendation (2017)

farmers. Feed quality varies from farm to farm, as there is no standard feed formula or mixing procedure and limited expertise.

Currently, most feed concentrates are imported from the Netherlands. The main supplier is [Koudijs Feeds](#), which supplies directly to the larger farms. [Havens Feed and Concentrate](#) and Ken Trading are minor suppliers of poultry feed concentrate.

Presently, the major supplier, Koudijs Feed, is delivering poultry feed concentrate at a price of €10,750 for a container of 19.2 tonnes, including transport costs. The customs and clearing cost is \$1,250 USD per container. Taken together, **the overall cost of poultry feed concentrate is approximately €630 per tonne.**

Distributors currently sell Koudijs Feed 20% concentrate at a local price of 310,000 Leones per 50 kg bag. This equates to 6,200,000 Leones per tonne, and a resulting gross margin of approximately 15%. Havens 20% poultry feed concentrate is sold at 280,000 Leones per 50 kg bag⁵.

Two additional poultry feed concentrate suppliers have been identified by SOBA. [TN Hifeed](#) from the Netherlands and [Nuscience](#), from Belgium. TN Hifeed recommends a 25% concentrate at a price of €600 per tonne, carriage and insurance paid, to Freetown. Nuscience provides two options: 20% concentrate at €565 per tonne, and 22.5% concentrate at €530 per tonne.

A summary of poultry feed concentrate suppliers can be found in Appendix I.

2.4 Competition:

Within Sierra Leone, the following companies resell concentrate – while some are consistent suppliers, others are irregular and unreliable.

Table 1. Major competitors in the poultry feed concentrate import and distribution sector

| Competitor | Concentrate Supplier | Sells complete feed? |
|----------------|----------------------|----------------------|
| Lanark Trading | Koudijs Feeds | No |
| Yele | Koudijs Feeds | Yes |
| Leecon | Koudijs Feeds | No |
| Sierra Akker | Koudijs Feeds | No |
| Pajah | Havens Feed | No |

2.5 Problem:

A major constraint of the current poultry sector is the availability, quality, and high cost of poultry feed concentrate. The following problems have been identified:

- Intermittent or unreliable access to concentrate inhibits production, which necessitates predictable and quality feed inputs/complete feed in order to maximize production cycle efficiency.
- Farmers are forced to use unacceptable and unreliable products, like fish, in their feed, which is detrimental to production.
- Distrust regarding both quality and availability of concentrate limits willingness to invest in poultry rearing.
- The cost of feed accounts for the majority (70%) of the costs of poultry production⁶. High costs of feed in Sierra Leone inhibits production.

⁵ The quality of Koudijs and Havens poultry feed concentrate declared in their specifications is slightly different. Koudijs' concentrate has a higher amino acid and crude protein content, and Havens has higher energy.

⁶ SOBA Poultry Farmers Baseline Study Report (June 2016)

3 Opportunity

3.1 Opportunity Description

This context and problem presents a strong business opportunity for the importation and distribution of poultry feed concentrate. A market gap and a strong forecasted future demand⁷ and few extant poultry concentrate importers means that a new player is poised to enter the market.

To satisfy the current number of commercial poultry farms, it is estimated that there is a demand of 1,500 tonnes of 20% concentrate that needs to be imported every year. The current actual estimate for poultry feed concentrate imports is 1,000 tonnes annually. So, the actual market is estimated to be about 500 tonnes underserved, which has forced some farmers to replace part of the recommended quantity of concentrate with fish products to reduce costs. However, this is at the expense of the quality of the final feed and is not recommended. If farmers can be convinced to replace fish products with high quality concentrate the effective market size is 500 metric tonnes per year.

Additionally, SOBA estimates that the market will grow by 10% in 2017, and continue at least this pace of growth in the near-term. Moreover, if economies of scale enable cost-reduction, the number of poultry farmers willing to increase the size of flocks in production or new farmers willing to enter the sector could be significant.

Based on the current market size there is room for at least one new entrant for the import and distribution of poultry feed concentrate in 2017.

The unit for importing concentrate is a container load of approximately 20 metric tonnes. The utilization period for concentrate is limited due to the shelf-life of vitamins. Therefore, a minimum turnover for a new importer and distributor should be approximately 250 tonnes per year. **SOBA recommends that a new entrant imports a minimum of one 19.2 tonne container of poultry feed concentrate per month, which totals to 230.4 tonnes per year.**

The SOBA poultry expert recommends that a new poultry feed concentrate distributor imports the Nuscience brand, because of the high price-to-quality ratio of their product.

3.2 Revenue Model

| Revenue | Tonnes of concentrate (yearly) | Sale price (Leones/tonne) | Revenue (Leones) |
|----------------|--------------------------------|---------------------------|----------------------|
| | 230.4 | 6,000,000 | 1,382,400,000 |

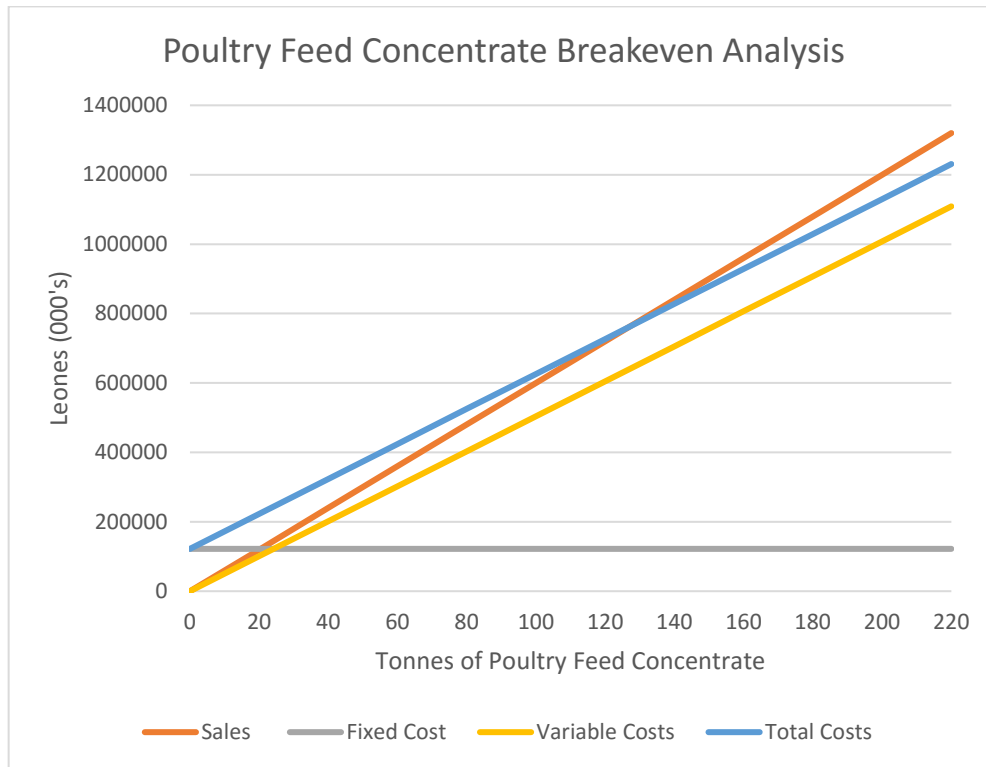
| Cost of Goods Sold | Tonnes of concentrate (yearly) | Costs (Leones/tonne) | Total Cost of Good Sold (Leones) |
|---------------------------|--------------------------------|----------------------|----------------------------------|
| | 230.4 | 5,040,000 | 1,161,216,000 |

Gross Profit 221,184,000

⁷ SOBA Poultry Expert Estimate of 10% YoY

3.3 Breakeven Analysis

Figure 1 – Poultry feed concentrate breakeven analysis graph



The required sales of poultry feed concentrate to break even is **127 tonnes per year**.

The required sales of poultry feed concentrate to make a 16% gross margin is **230.4 tonnes per year**.

3.4 Required Investment

- Warehouse and office space
- Capital for initial orders and working capital
- Distribution network
- Marketing: establishing and growing key farm clients

4 Next Steps

4.1 Traction and Validation Roadmap

- Engagement with Nuscience⁸
- Negotiation on price and shipping terms with Nuscience
- Outreach to poultry farmers and compiling a customer base for orders (Appendix II)
- Distribution planning

⁸ See Appendix I for contact information

- Marketing and Sales planning⁹

5 Additional Opportunities

This business case does not include the significant potential of additionally importing feed concentrate for other farm animals, such as pigs, sheep, goats, and cattle.

Poultry feed concentrate import and distribution could be combined with the import and distribution of day-old-chicks and/or veterinary medicines and vaccines¹⁰.

Apart from importing and distributing poultry feed concentrates, this business opportunity could also include the aggregation and distribution other feed ingredients. These ingredients could be by-products of the food industry (wheat bran and rice bran), cassava and pigeon peas.

This business opportunity is based on the supply of poultry feed concentrate to layer hens only. Another poultry line is broiler meat for which concentrates are also applicable. This is also a nascent industry and is currently dominated by Sierra Akker. As this industry grows, however, there could be an opportunity for the acquisition of market share.

⁹ See Branding and Marketing Business Basics series, available from SOBA

¹⁰ See Business Case – Poultry Veterinary Medicines and Vaccines, available from SOBA.

Appendix I – Poultry Feed Suppliers

| Supplier | Location | % Concentrate | Price per tonne ¹ | Local Selling Price (50kg bag) | Currently Sold in Sierra Leone | Contact | Phone | Website |
|--------------|-------------|---------------|------------------------------|--------------------------------|--------------------------------|-----------------|------------------|------------------------------|
| Koudijs Feed | Netherlands | 20% | €630 | Le 310,000 | Yes | Bernard Klassen | +31 646224767 | www.koudijs.com |
| Havens | Netherlands | 20% | | Le 280,000 | Yes | | +31 478 638 238 | www.havens.eu |
| Ken Trading | Netherlands | | | | Yes | | | |
| TN HiFeed | Netherlands | 25% | €670 | | No | Niels Smid | +31 6 40993097 | www.trouwnutritionhifeed.com |
| Nuscience | Belgium | 20% | €630 | | No | Jo De Pandelear | +32 472 47 36 30 | www.nusciencegoup.com |
| Nuscience | Belgium | 22.5% | €600 | | No | Jo De Pandelear | +32 472 47 36 30 | www.nusciencegoup.com |

¹ Includes shipping, customs, and duty to Freetown

Appendix II – Database of Major Sierra Leone Poultry Farms

| | Name of Poultry Company | Location | Phone Number |
|----|--------------------------------|-------------------------------------|---------------------|
| 1 | Pujeh Business Enterprise | Wilberforce, Sierra Leone | 076665209 |
| 2 | Affia Poultry | Kabal | 076671207 |
| 3 | Big Things Poultry | Makeni | 078882777 |
| 4 | Glorious Poultry | Mile 91 | 077826210 |
| 5 | Jan & Sank | Mile 91 | 078404822 |
| 6 | Memsors Pride | Mile 91 | 088858808 |
| 7 | Maji's Poultry | Bo | 076163790 |
| 8 | Breat Construction Company | Ogoo Farm | 079544565 |
| 9 | Macho Poultry | Sumbuya | 076673800 |
| 10 | Dr Jalloh | Off Lumpa Road, Waterloo | 076601845 |
| 11 | Francis Poultry | Makeni | 076268259 |
| 12 | Pa Wurie | Masantigie | 076610131 |
| 13 | Anita Samson | Hastings | 077797217 |
| 14 | Janga Enterprises | Off Newton | 076330610 |
| 15 | Mr. Sesay | Waterloo | 076542200 |
| 16 | Mustapha PMB | Devil Hole | 076675111 |
| 17 | Johnie Elber | Newton Four Mile | 088354658 |
| 18 | Family Poultry | Bo | |
| 19 | Wanword Enterprise | Babardorie Lumley, Sierra Leone | 076601244 |
| 20 | Q and A Poultry | Regent Road Lumley, Sierra Leone | 076603275 |
| 21 | Rogers Right Poultry | Godrich, Sierra Leone | 030657796 |
| 22 | Noldred Enterprise | Godrich, Sierra Leone | 078230130 |
| 23 | Green Field | Adonkia, Sierra Leone | 076602001 |
| 24 | Sheku Enterprise | Hamilton, Sierra Leone | 099992656 |
| 25 | Glenis Enterprise | Hamilton, Sierra Leone | 076512122 |
| 26 | Lamrana Poultry | Hamilton, Sierra Leone | 076149686 |
| 27 | Momoh Enterprise | Hamilton, Sierra Leone | 030160914 |
| 28 | Eat Small Small Poultry Farm | Mambo, Sierra Leone | 078344304 |
| 29 | Dorays Poultry | Colegiate School Road, Sierra Leone | 076622545 |
| 30 | Suzlald Enterprise | Majay Town, Sierra Leone | 076774171 |
| 31 | Ayoub Enterprise | Murray Town, Sierra Leone | 076661273 |
| 32 | Wilmacs Poultry Farm | New England Ville, Sierra Leone | 076627027 |

| | | | |
|----|---|--|---------------------|
| 33 | Shawee Enterprise | Kissy, Sierra Leone | 077394555 |
| 34 | Rely Force Enterprise | Wellington Old Road, Sierra Leone | 076200576 |
| 35 | Yele Poultry Farm | Allen Town, Sierra Leone | 078287545 |
| 36 | MDS Ascendant Farms | Rokel, Sierra Leone | 076923650/076300299 |
| 37 | Malcolm Enterprise | Pentagon Off Old Rd Rokel, Sierra Leone | 077337786 |
| 38 | Bokum Poultry Enterprise | Old Rail Way Line, Rokel, Sierra Leone | 030579681 |
| 39 | Ya Marie Agro Enterprise | Old Rail Way Line, Rokel, Sierra Leone | 077613401 |
| 40 | Sierra Leone Poultry | Yams Farm Wharf, Sierra Leone | 078180170 |
| 41 | Jamka Poultry Enterprise | Hastings Maston Street, Sierra Leone | 077679703 |
| 42 | Ace Home Farm | Upper Hastings, Sierra Leone | 077797217 |
| 43 | Thomas Poultry Farm | Maroon Town Hastings Quarry, Sierra Leone | 079134877 |
| 44 | Jojo Poultry Farm | Kosso Town, Sierra Leone | 076619115 |
| 45 | Salmaranth Poultry | Upper Kosso Town, Sierra Leone | 077648388 |
| 46 | Technical Poultry Enterprise | Mongegba Grafton, Sierra Leone | 076768156 |
| 47 | Sallie Business Enterprise | Regent Road, Sierra Leone | 079751197 |
| 48 | Sylrose Enterprise | Regent, Sierra Leone | 076576113 |
| 49 | Sugar Loaf Enterprise | Regent, Sierra Leone | 076623304 |
| 50 | Florict Agricultural and General Enterprise | Gloucester, Sierra Leone | 076672673 |
| 51 | Freddy Right Enterprise | Gloucester, Sierra Leone | 078833995 |
| 52 | Ledema Fofanah Enterprise | Gloucester, Sierra Leone | 076391425 |
| 53 | Dolish Poultry Farm | Gloucester, Sierra Leone | 088610859 |
| 54 | Sierra Akker | Sumbuya F/T Highway, Sierra Leone | 076759882 |
| 55 | Djanta poultry Enterprise | Sumbuya F/T Highway, Sierra Leone | 088202598 |
| 56 | Borah Poultry | Konta Line Makoloh, Sierra Leone | 076673800 |
| 57 | Brizza Poultry | Six Mile, Waterloo-Masiaka Hwy, Sierra Leone | 078921422 |
| 58 | Alrassin Poultry | Newton, Old Road, Sierra Leone | 076792350 |
| 59 | African Pride Poultry Farm | Kpoubu, Newton, Sierra Leone | 076330610 |
| 60 | United Poultry Farm | Newton, Sierra Leone | 088354658 |
| 61 | SABI | Newton, Kattu Town, Sierra Leone | 076931610 |
| 62 | Lemon Poultry Ent | Newton, Sierra Leone | 077731629 |

| | | | |
|----|-------------------------------|---|-----------|
| 63 | Rogberay Farmers Development | Rogberay, Off Newton, Sierra Leone | 077943736 |
| 64 | Roseleneh Business Enterprise | Rogberay, Off Newton, Sierra Leone | 078178644 |
| 65 | Degania Poultry Farm | Modonkeh Rd, Coker Town, Off Newton Rogberay, Off Newton, Sierra Leone | 088586689 |
| 66 | Munu Poultry Enterprise | Modonkeh Rd, Coker Town, Off Newton Rogberay, Off Newton, Sierra Leone | |
| 67 | Farm for Business Ent | Mondonkeh, Sierra Leone | 076706795 |
| 68 | Bakmon Poultry Ent | Mabrun off Newton, Sierra Leone | 077897511 |
| 69 | Lanark Trading Company | Bah Drive, 4 Mile Newton Area, Waterloo | 076535338 |
| 70 | Abdul Kamara Ent | Three mile bah drive, Waterloo- Masiaka Highway, Sierra Leone | 030327822 |
| 71 | Nyandehun Poultry | Nyandehun Fofu, Sierra Leone | 088945191 |
| 72 | Saidu Poultry Ent | Masorie, Off Camp junction, Sierra Leone | 077724694 |
| 73 | A C Wurie Poultry Ent | Masantigie, Off Paloko, Sierra Leone | 076610131 |
| 74 | Mac's Poultry Farm | Joe town off Camp Junction, Sierra Leone | 088622308 |
| 75 | Pajah and I J SL Limited | Lumley/Joe Town Off Camp Junction | 076585874 |
| 76 | Salay Burn Ent. | Joe town off Camp Junction, Sierra Leone | 077591272 |
| 77 | Jabex Ent | Campbell Town, Sierra Leone | 076603973 |
| 78 | Free Town Store Ent | Cole town, Sierra Leone | 077328355 |
| 79 | Leecon Poultry Enterprises | Kamara Lane Benguema Road/ Macdonald, Sierra Leone | 076686526 |
| 80 | We Yone Poultry | Off Samuel town, Benguema Rd, Sierra Leone | 077257459 |
| 81 | Kerry Town Poultry | Kerry Town, Sierra Leone | 076360604 |
| 82 | Dimol Poultry Farm | Kerry Town, Sierra Leone | 076727738 |
| 83 | Ayo Carney Poultry Farm | During Town, Sierra Leone | 079466427 |
| 84 | Aminata Poultry Ent | Fire Mambo, Old York Road, Waterloo, Sierra Leone | |
| 85 | Augusta Tucker Ent | 36 Hartshorn Street, Waterloo, Sierra Leone | 077639587 |
| 86 | Yayah Jabbie Ent | 24 Pike Street, Ibo Town, Waterloo, Sierra Leone | 076542200 |

| | | | |
|----|----------------------|--|-----------|
| 87 | Abdul Kargbo poultry | White Stone, Waterloo Highway, Sierra Leone | 077248426 |
| 88 | Bayo Poultry Ent | Upper Deep Eye Water off Quarry, Sierra Leone | 077456887 |
| 89 | A and A Poultry | Lower Deep eye Water, Sierra Leone | 076675111 |