

Business Opportunity

Alternative Supply of Day Old Chicks

2017-08

1 Objective

The objective of this document is to highlight the opportunity for businesses to incorporate the import and distribution of an alternative supply of quality and low-cost day old chicks in the Sierra Leonean poultry sector.

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 opportunities in Sierra Leone. Ultimately, SOBA aims to facilitate growth and 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, including day-old chicks, are readily available at a manageable cost.

1.3 Current situation: Day-old-chicks

Day old chicks are purchased from hatcheries or middlemen from Europe. Pluriton⁵, from the Netherlands, is the major supplier and brings in H&N breed of chicks. Due to having to make minimum orders of 15,000 day-old-chicks on Brussels Airways for imports from Europe, small farmers generally must collaborate in order to consolidate their orders. They generally do so via a large farm, such as Lanark or Leecon Poultry, that acts as an aggregator of orders, and as a distributor of day-old-chicks. This collaboration is ad-hoc and poorly planned, leading to long lapses where day-old-chicks are unavailable, interfering with poultry production cycles. This has led some farmers to purchase day-old-chicks from hatcheries in Guinea, but the quality of these chicks is inferior and production suffers as a result. In-country day-old-chick distribution networks are non-existent.

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

⁵ Contact information for suppliers can be found in Appendix I at the end of this document.

2.4 Competition:

Pajah Hatcheries and Fisheries, a Sierra Leonean company, has attempted to supply day-old chicks from a local hatchery but had to stop due to inferior quality. They are now attempting this venture again. However, because of previous supplies of bad quality day old chicks, Pajah has a compromised reputation with poultry farmers of Sierra Leone, and through conversation with market actors who have had negative experiences, it is thought that they will not acquire market share due to quality and reputational issues.

Lanark, Leecon Poultry, and MDS Enterprises supply day old chicks to the poultry market on an ad hoc and as-needed basis only after consolidating large orders in congruence with their own needs.

2.5 Problem:

Currently one main supplier serves the market, with one breed of chick. It would be beneficial to the market to introduce another breed that is cheaper and at least of equal quality. Only large volumes are presently imported, and the timing of orders does not work with the timing of the poultry cycle for most farmers. There is no aggregator that can be more flexible in aggregating orders and serving the demand side of the market with reliable and high-quality day-old-chicks.

3 Opportunity

3.1 Opportunity Description

The opportunity is for an individual or enterprise to set up the import of a reliable flow of day old chicks into Sierra Leone from Europe at a quality at least equal to the present imports and at a lower price.

Pluriton is the current supplier from Europe, and their lowest price is €1.35 per chick for a quantity of over 15,000 chicks, with freight using Brussels Airways, whose minimum shipping size is 10,000 chicks. We suggest that a new aggregator switches to using KLM, who has begun direct flights to Freetown, at an expected price of €1.20 per chick.

Critically, **KLM will accept lower order sizes of 5,000 chicks** (compared to 15,000 from Brussels Airways). This is important as it allows an aggregator to be able to place smaller orders while still maintaining a low price. This has the benefit of being able to adapt to the demand cycles of poultry farmers.

The alternative supplier that SOBA's poultry expert recommends is Verbeek Hatcheries from the Netherlands, Novogen Brown breed. This supplier has the following advantages:

- They own their parent stock
- They have substantial market share in the Netherlands
- They currently export to many African countries
- They are very interested to enter the Sierra Leonean market

Novogen Brown has the following advantages:

- It is highly productive
- It has a quieter behavior than competitor breeds, so they do not need to be further debeaked after a laser treatment of the beak in the hatchery

It is expected that the cost per Novogen Brown chick using KLM including freight to Freetown, laser debeaking and vaccinations would be €1.17 - €1.22. The competition (importing H&N chicks from Pluriton) generally imports at a cost on average of €1.30-€1.90 per chick. There would be significant market advantages. According to primary sources⁶, the day-old-chick import and distribution business can expect to garner **15% net profit margins**.

In order to pilot this initiative, it would be most beneficial if this opportunity was done by a company already operating within Sierra Leone's poultry industry: distributing day old chicks at some capacity, or poultry feed concentrate. That way the company could leverage their already-extant farmer networks to consolidate first

⁶ SOBA Poultry Expert – Business Case for Poultry Inputs (2017)

phase orders. A pilot project assessing the viability of the Novogen Brown breed of chicks should be undertaken before this breed can be imported at scale.

3.3 Required Investment

Companies interested in this business case must invest their time and effort into setting up an import structure from Verbeek Hatcheries. Interested parties must negotiate on price and technical support from Verbeek Hatcheries themselves. Companies must be willing to extend resources in setting up space and providing the necessary and due care for a pilot project for Novogen Brown breed.

4 Next Steps

4.1 Traction and Validation Roadmap

- ✓ Linked to Verbeek Hatcheries (Contact details below)
- ✓ Negotiation on price and shipping terms with Verbeek Hatcheries, ensuring air freight on KLM
- ✓ Designing the pilot program to test Novogen Brown's suitability in Sierra Leone's climate
- ✓ Designing an efficient order consolidation system to scale orders
- ✓ Distribution planning
- ✓ Marketing and Sales planning⁷

5 Additional Opportunities

Companies should consider providing value-added support to farmers who purchase their day-old chicks. This could include bundling in medicines and vaccines and providing technical support on best rearing and housing practices.

As part of value-added services veterinary services could also be provided. Please see SOBA's business opportunity for Veterinary Services available at www.sobasl.org.

6 Appendix I – Supplier Contacts

Supplier	Website	Contact	Phone	Email
Pluriton	www.pluriton.com	Arno Van Der Steeg	+31 6 53833720	a.vandesteeg@pluriton.com
Verbeek Hatchery	www.verbeek.nl/en	Henry Versteeg	+31 6 13726642	henry.versteeg@verbeek.nl

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

⁷ Refer to SOBA's Business Basics Series – Branding and Marketing. www.sobasl.org

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 NewtonRogberay, Off Newton, Sierra Leone	088586689
66	Munu Poultry Enterprise	Modonkeh Rd, Coker Town, Off NewtonRogberay, 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 Fofo, 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