

challenge. Only two medium-scale hatcheries were producing indigenous day old chicks. Therefore the project recruited additional 11 medium-scale hatcheries to increase production. All 13 hatcheries were assisted to access improved technologies and advisory services to increase their production capacity, and 5 of the hatcheries were provided with matching grants totalling Tsh.300 million to procure bigger incubators, expand parent stock size and finance basic construction work. The current capacity now is to produce 250,000 chicks per week although hatcheries are able to produce 6,500 to 10,000.

The next step was to link the rural poultry producers with inputs suppliers to enhance access to essential supplies and create business relationships among the stakeholders, while promoting development of a value chain. To achieve this, the project made a strategic choice to use special vouchers (coupons) to enable poultry producers to access subsidies (feeds, vaccines and medicines) from agribusiness suppliers within their localities. This approach helped stakeholders to know each other and significantly stimulated business in the subsector. It also had a positive influence on business practices of the agro-dealers in terms of record keeping since availability of proper records was essential for redeeming vouchers.

As farmers independently entered the second production cycle they could not consistently produce quantities and quality of chickens required by the market. This was due to low financial capacity to invest in an entire production cycle; and poor organisation and synchronisation of production which threatened other businesses such as hatcheries (who had weekly releases of chicks). Consequently, RIU had to introduce a poultry contract farming model

to deal with these challenges as well as develop the market and marketing infrastructure for indigenous chicken. Under the model farmers were provided with 200 chicks and inputs for entire production cycle; household advisors; and a ready wholesale market. The contract farming model was piloted under “KukuDeal” a business initiative designed by RIU to address long term challenges and development of the indigenous poultry industry. Contract farming rapidly stimulated organisation and transactions around the subsector due to provision of secure markets for inputs and outputs. For instance, hatcheries had readily available markets for day old chicks to rural farmers; the same went for drugs, vaccine and feed suppliers. On the other hand, traders and urban markets enjoyed the high demand for mature indigenous chicken from urban consumers.

By implementing all the above strategies, the programme succeeded in transforming the indigenous poultry industry into a vibrant commercial enterprise. Production of local chickens increased from 5-10 birds to between 100 and 300 birds per farmer in less than a year. The number of production cycles also increase from 1 in 12-18 months to 3 in 12 months. Likewise, production of day old chicks increased from an average of 1,250 to 8,250 per week. These developments led to a major change in attitude and increased investment by both the private and public sectors in the rural poultry industry. For example, by providing 3,500 farmers with 100 day old chicks as in-kind credit valued at Tsh.100,000, the project enabled farmers to invest a total of Tsh.350 million in chicks alone in the first round of production. The investment was two and a half times the estimated worth of the indigenous poultry subsector at inception of the project.



*Successful transformation of the rural poultry subsector into a viable commercial enterprise requires innovative strategies geared towards increasing production scales, developing the local poultry value chain and establishing sustainable market linkages.*

For close to five decades, indigenous poultry production in Tanzania remained a disorganised backyard activity with insignificant commercial value. By 2008, the subsector was worth only 140 million Tanzania Shillings (USD 117,000) despite being the main source of chicken meat and eggs consumed in rural areas and about 20% in urban areas. Chickens were mainly kept under the free-range low-input system, with farmers raising an average of only 5-10 birds each, some over a period of 12-18 months. No formal markets and value addition existed for local poultry products, and transactions in the subsector were nominal, informal and unrecorded. The overall investment in the industry was very low because research argues that indigenous chickens have low genetic potential thus unfit for commercialization.

Consequently, both the public and private sectors paid little attention to the subsector due to its insignificant commercial value. Agribusiness companies especially suppliers of poultry equipment, feeds, day old chicks, vaccines and medicines had no business to transact with rural poultry producers

- Using champions to mobilise farmers into commercial poultry production
- Pushing farmers to new production scales to justify innovation
- Providing farmers with in-kind credit and subsidies
- Providing farmers with on-site practical training in modern poultry management
- Linking farmers with government extension services
- Enhancing production capacity of inputs suppliers
- Linking farmers with inputs suppliers
- Running a poultry contract farming model to increase production and develop market and marketing infrastructure
- Providing a ready market for mature chickens

since chickens were free-ranged, chicks naturally bred and the birds hardly vaccinated nor treated when sick. Likewise, regulation of the subsector by the government was minimal due to the subsistence nature of the subsector and lack of a functional value chain.

In 2009, Research Into Use (RIU) programme initiated the Indigenous Poultry Commercialisation Project, with an objective of increasing the demand for innovation to transform the subsector into a viable commercial enterprise. Development of the project was informed by well-documented commercial potential of indigenous chickens. Market studies have shown that demand for local chickens is considerably high in both rural and urban areas and that more than 90% of rural households kept indigenous chicken. In major urban centres such as Dar es Salaam, Arusha and Mwanza, the market price of a local chicken is almost twice as much as that of an exotic chicken primarily because of the high demand. However, how best to translate this potential into viable business for poultry producers and other stakeholders in the subsector, for a long time remained a major challenge, given the entrenched backyard practices and systems challenges affecting the subsector.

Thus, the RIU project had to employ strategies which go beyond business as usual to be able to tap, harness and release potential of the indigenous poultry subsector. The strategies included: using champions to mobilise farmers to join commercial poultry production; pushing farmers to new production scales; providing farmers with in-kind credit in form of day old chicks and subsidies to kick-start commercial production; on-site practical training to

strengthen farmers' knowledge capacity to take care of larger poultry flocks; building capacity of other key actors in the value chain including local chicken hatcheries and feed millers; linking farmers with other stakeholders to ensure steady supply of essential inputs; implementing a poultry contract farming model to boost farmers' production and organise the markets for mature chicken.

Initially, RIU used intra-sector forums (platforms) to raise awareness of systems challenges in the subsector and engage stakeholders in coming up with solutions. However as implementation began on the ground, RIU used champions (farmers representatives) as a more cost-effective but personalised way of getting farmers to buy into the commercialisation agenda while allowing the project to understand and respond to individual needs of the farmers. The champions were extremely instrumental in promoting farmers' self-organisation, networking with the rural farmers and local government leadership at the village and ward levels. Through this approach, the project managed to recruit over 3,500 farmers in Pwani, Dodoma, Singida and Morogoro regions in barely one year, to join commercial production of local chickens.

However, of paramount importance was the need to increase production scales and promote modern

poultry management in order to stimulate meaningful agribusiness in the subsector. It did not escape attention of the project that subsistence volumes and poor poultry husbandry were largely to blame for the limited commercial transactions in the subsector. The project therefore signed an agreement with the 3,500 farmers to produce 100 chickens each, with a plan of moving to 200 and later 300 birds under a contract farming model. Under the agreement, the programme provided farmers with in-kind credit in form of 100 day old chicks valued at Tsh.100,000 and subsidies (feeds, vaccines and medicine) enough for one month. In the very first round of production, farmers were required to pay at least 40% of the cost of day old chicks in advance and the remaining 60% paid upon selling mature birds. Building of an appropriate shed for the chicken using locally available materials was another precondition for provision of the chicks. These criteria were used to ensure farmers' commitment and contribution to the enterprises. Helping farmers to meet these initial costs was very important in stimulating viable linkages with the service providers and actors in the remainder of the value chain.

As farmers began to receive the first batch of 100 day old chicks, the need to ensure that they had relevant technical capacity to raise the birds to maturity became critical. The project therefore dispatched

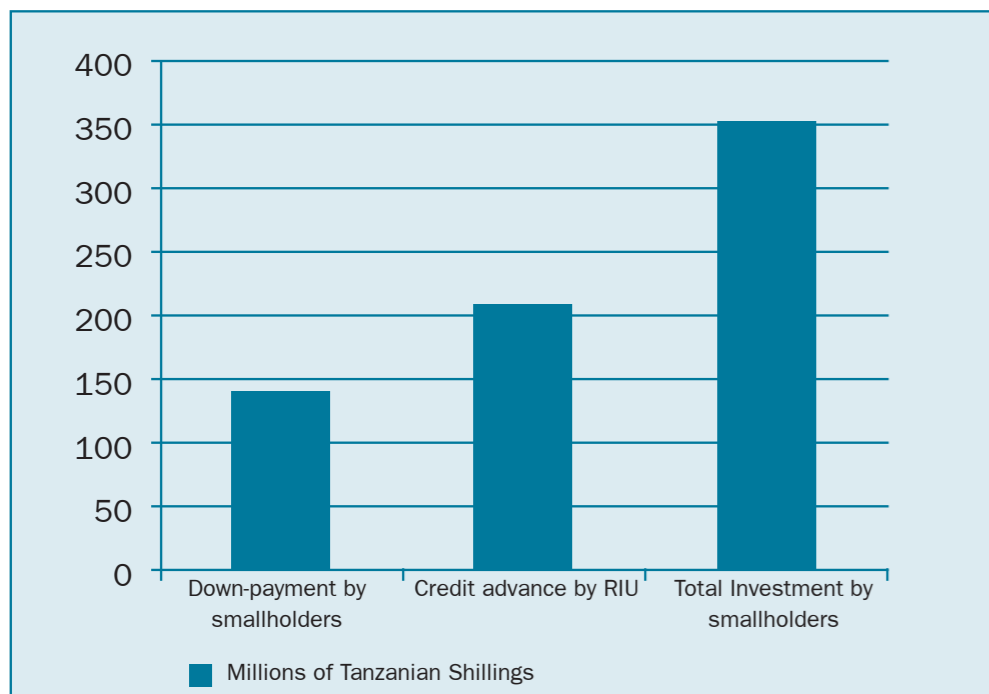


*Successful transformation of the rural poultry subsector into a viable commercial enterprise requires innovative strategies geared towards increasing production scales, developing the local poultry value chain and establishing sustainable market linkages.*

poultry household advisors to provide on-site practical training and support to the farmers to ensure that all chicks survived and entered the market in the fourth month as mature birds. Poultry household advisors held certificates in poultry management from vocation schools like Kibaha Education Centre (a government vocational training centre) and Kilacha (a private vocational training centre in Moshi). RIU opted for private household advisors to provide poultry husbandry training to farmers particularly in areas where the government extension personnel were not readily available.

The trainers stayed with farmers in their homes for one month until farmers were confident enough to take care of the larger poultry flocks. Each trainer was assigned not more than 10 farmers within a village or ward. As the trainers left farmers' homes, farmers were linked with the existing government extension services for continued technical support. Farmers were also provided with essential poultry management tools including a poultry-keeping guide book, laminated vaccine calendar, an exercise book for record keeping, charts showing types of records to be kept, and basic equipment (2 drinkers and 2 feeders).

As the number of farmers joining the project increased and capacity to manage large poultry flocks enhanced, demand for input supplies increased drastically. The project responded to this development by mapping all major inputs suppliers and went further to strengthen their financial capacity to be able to meet the increased demand for the inputs and services. In the initial stage, production of day old chicks and quality feeds was a major



*By providing 3,500 farmers with 100 day old chicks as in-kind credit valued at Tsh.100,000, the project enabled the farmers to invest a total of Tsh.3550 million in the chicks alone in the first production cycle.*