Poultry farming is a widely practiced agricultural activity with a high potential for poverty reduction, enhancing food security for the poor and women’s position in the household and society in Tanzania.

Local chicken (indigenous poultry) is regarded as one of the most important and favourite meat for the Tanzanians. Chicken meat and eggs are good source of protein and means of earnings to continue smallholders’ various household needs like food, clothes and school fees for the rural poor and women. At least 64% of all rural households keep poultry birds and 99% of the indigenous poultry in the country is kept by small-scale producers. Despite the emergence and growth of small to medium-scale commercial producers of exotic and hybrid chickens in the urban and semi-urban areas fuelled by a number of commercial companies of day old chicks and their agents and distribution networks; but consumers had more trust in the way local chickens were raised, preferred their taste, and were willing to pay more for the local chickens and eggs. However, local chicken farming is traditional not carried out by farmers with access to much poultry keeping technical knowledge, very poor access to inputs/outputs market, vulnerable to disease and most cases the production focus for own consumption. The local chicken value chain is messy by inadequate knowledge of market opportunities by farmers, absence/underserved by service providers, buyers, commercial agribusinesses and overall demand & supply deadlock. As an example of deadlock, farmers require sufficient day old chick/feeds/inputs to be able to increase large scale production while agribusinesses...
suppliers require an assurance that there is enough demand for day old chicks/feeds/inputs before they can move to expand their business growth and rural outreach.

Livelihood Enhancement through Agricultural Development (LEAD) project funded by DFID is the first market development approaches project for BRAC in Tanzania and devoted considerable time, energy and resources to incubate and refine its facilitation approach to achieving scalable impact for farmers and others actors in the maize and poultry value chain. Among several systemic interventions for the market systems development, the project identified stimulating private agribusiness investment is a key to expand their existing business and services; and promote trading relationships with the smallholder farmers. In close collaboration with DFID, the project designed the investment fund products with the form of grant/loan and technical assistance for supporting potential agribusiness to improve competitiveness in the poultry market systems. The way how LEAD project systematized leveraging private agribusinesses in action-

Identified demonstrable gaps to improve agribusiness competitiveness in the poultry value chain

Tanzania is a very large country (947,303 sq. km) with 30 administrative regions and poultry market systems varies significantly from one region to another. From March 2013-March, 2017; the LEAD project has been in operation in 15 regions of Tanzania for poultry and maize market systems development with a view to improve incomes of participating farmers and actors.

The project undergone with periodic market assessment to identify private agribusiness/sectors, market actors, buyers, processors; and overall opportunities & challenges to expand local poultry farming as a business in the areas. Beyond regular gaps identification process, the project followed a challenge fund modality by running several rounds of investment fund call for proposals to identify potential businesses, conducted a comprehensive verification process and set a neutral expatriate technical advisory committee to recommend potential businesses for grant/loan supports and for technical assistance.

Facilitated small incentives but great impact on inclusive business development

After vigorous selection and recommendation process, LEAD invested £544,177 in 50 businesses through the Project Investment Fund, leveraging over £700,000 of private capital. This was a contributory matching fund and agribusinesses must have to invest at least 50% of the required amount for proposed business ideas. Most cases, 40% grant support provided for capital investment of buying new machines, tools and setting up of new line of operations while 60% loan amount decided for working capital investment to procure raw materials, other inputs and running operation costs. This resulted in pro-poor investments by enterprises across both value chains, including poultry hatcheries, feed mills, agrovets, processors and traders.

The project structured technical assistance to the investment fund recipients in the form of business management training, business plan development and follow up supports to engage smallholder farmers with their businesses.
The investment fund support to the agribusinesses has brought 2 prominent impact in integrating trading relationships with smallholder farmers and their overall business profitability.

1. Smallholder poultry farmers have gained with economic relationships: A common set of incentives established on both the agribusiness SME side as well as the small holder farmer side. As an example, where an agribusiness hatchery owner is purchasing fertile eggs from smallholder farmers, the hatchery owner has an incentive not to invest a lot of money and resources to maintain a parent stocks to get fertile eggs by their own; deliver technical information among smallholders to ensure these eggs are high quality with high hatchability rate, but also supplied reliably and regularly the day old chicks in order to expand his/her business. From the small holder farmer perspective, this relationship resulted in investing resources to engage in chicken production, meet demand and sufficient security of receiving fair price from selling eggs to the hatchery owner. This smallholder engagement and trading relationships is operational for other supported agribusinesses as well. Now many smallholders have also invested their additional income in other agribusinesses including vegetable, maize or other cereals production, rearing of larger ruminants and small scale trading to meet their households’ financial needs.

2. Agribusinesses improved profitability and employed more staffs: Agribusinesses secured profitability from the trading relationships with smallholders and reinvested in the businesses, employed more staffs, expanded new markets and offered required technical information and services. Now the agribusinesses found smallholders as one of their key clients and engaging with them by offering new products and services.

Tapping and expanding resources to retain their agribusiness sustainably:

Most of the supported agribusinesses expanded their businesses three to ten folds after the investment fund support, have a very good credit history, are now bankable and in a position to source finance from formal financial resources. They have had their clear business vision to expand their business and potentially maintain the trading relationships with smallholders and apprehending new clients.

To be successful in this regard, market facilitators should invest a tangible time and resources to identify demonstrable gaps along the value chains, identification of key agribusinesses for need based supports, their turnover records and verification of financial sustainable business model. The financial support could be provided in trench and technical assistance case by case basis to make more vibrant relationships and successes.

BEAM Programme Index: LEAD - Livelihood Enhancement through Agricultural Development